

Tab 1	SB 198 by Berman; (Identical to H 00445) Trademark Classifications
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Tab 2	SB 220 by Brandes (CO-INTRODUCERS) Stewart; (Identical to H 00907) Beverage Law
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605768	A	S	RS	CM, Brandes	Delete L.70 - 123:	02/20 09:52 AM
623428	SA	S	RCS	CM, Brandes	Delete L.70 - 123:	02/20 09:52 AM

Tab 3	SB 596 by Albritton; (Similar to H 00671) Regional Rural Development Grants
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Tab 4	SB 526 by Gruters; Entertainment Industry
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The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

COMMERCE AND TOURISM
Senator Gruters, Chair
Senator Torres, Vice Chair

MEETING DATE: Tuesday, February 19, 2019

TIME: 10:00—11:30 a.m.

PLACE: Toni Jennings Committee Room, 110 Senate Building

MEMBERS: Senator Gruters, Chair; Senator Torres, Vice Chair; Senators Hutson, Stewart, and Wright

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	SB 198 Berman (Identical H 445)	Trademark Classifications; Revising classes of goods and services to conform to the classifications adopted by the United States Patent and Trademark Office, etc. CM 02/19/2019 Favorable IT RC	Favorable Yeas 4 Nays 0
2	SB 220 Brandes (Identical H 907, Compare H 6037, S 894)	Beverage Law; Repealing provisions relating to limitations on the size of individual wine containers and the size of individual cider containers; revising provisions that authorize a restaurant to allow patrons to remove partially consumed bottles of wine from a restaurant for off-premises consumption; declaring that it is unlawful to transfer a distillery license, or ownership in a distillery license, for certain distilleries to certain individuals or entities, etc. IT 02/05/2019 Favorable CM 02/19/2019 Fav/CS RC	Fav/CS Yeas 4 Nays 0
3	SB 596 Albritton (Similar H 671)	Regional Rural Development Grants; Specifying that the concept of building the professional capacity of a regional economic development organization includes the hiring of professional staff to perform specified services; increasing the maximum percentage of total infrastructure project costs for which the department may award a grant; providing that improving access to and availability of broadband Internet service may be included in a project that is eligible for rural infrastructure grant funds, etc. CM 02/19/2019 Favorable IT AP	Favorable Yeas 4 Nays 0

COMMITTEE MEETING EXPANDED AGENDA

Commerce and Tourism

Tuesday, February 19, 2019, 10:00—11:30 a.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
4	SB 526 Gruters	Entertainment Industry; Creating the Film, Television, and Digital Media Targeted Grant Program within the Department of Economic Opportunity under the supervision of the Commissioner of Film and Entertainment; requiring that film, television, and digital media projects being produced in this state meet specified criteria for grant eligibility; establishing application windows for the grant; creating the Grant Advisory Board within the Office of Film and Entertainment of the department; providing for liability and imposing civil penalties for an applicant that submits fraudulent information, etc. CM 02/19/2019 Fav/CS IT AP	Fav/CS Yeas 4 Nays 0
5	Presentation by Ken Lawson, Executive Director of the Department of Economic Opportunity		Presented
6	Presentation by Jamal Sowell, President and CEO of Enterprise Florida, Inc.		Presented
Other Related Meeting Documents			

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 198

INTRODUCER: Senator Berman

SUBJECT: Trademark Classifications

DATE: February 18, 2019

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Harmsen	McKay	CM	Favorable
2. _____	_____	IT	_____
3. _____	_____	RC	_____

I. Summary:

SB 198 updates Florida's trademark and service mark classifications of goods and services for purposes of registration under Florida's trademark law.

In order to register a trademark or service mark (mark) in Florida, a person must submit an application to the Florida Department of State (Department or DOS) that contains, among other requirements, a sample of the good or service for which the mark is sought and the statutory class in which the good or service falls.¹ Both the federal and Florida laws that outline classifications of goods and services are based on the Nice International Classification of Goods and Services (Nice Classification), as administered by the World Intellectual Property Organization (WIPO). The bill conforms Florida's statutory classes of goods and services for marks to the Nice Classification, 11th edition, version 2018.

The bill takes effect on July 1, 2019.

II. Present Situation:

A registered mark distinguishes a good or service as unique, indicates its source, and provides rights to its owner to protect it from duplication and dilution by another person or entity. A trademark (signified by "TM") protects a good while a service mark (signified by "SM") protects a service.² An owner may register his or her mark with both federal and state regulators (a federally registered mark may bear the ® symbol) but is not required to do so.³ In fact, an owner

¹ Section 495.031(1)(b), F.S.

² Sections 495.011(11), (13), F.S. *See also*, U.S. Patent and Trademark Office (U.S.P.T.O.), *Protecting Your Trademark, Enhancing Your Rights Through Federal Registration*, 2 (Sept. 2018), available at <https://www.uspto.gov/sites/default/files/documents/BasicFacts.pdf>.

³ U.S.P.T.O., *supra* note 2, at 10-11; International Trademark Association, *State Trademark Registration in the United States* (July 2014), <https://www.inta.org/TrademarkBasics/FactSheets/Pages/StateTrademarkRegistrationsUSFactSheet.aspx> (last

of an unregistered mark may still enforce his or her rights under certain laws because trademark rights arise from use—not registration. However, an owner of a registered mark benefits from additional protections under state or federal law.

Federal and International Classification of Goods and Services

The U.S. Patent and Trademark Office (U.S.P.T.O.) regulates interstate use of marks pursuant to the Lanham Act.⁴ The U.S. is a party to the Nice Agreement and all applications filed under the Lanham Act after September 1, 1973, are subject to the Nice Classification.^{5,6} The Nice Agreement is a multilateral treaty, administered by the WIPO, which establishes the Nice Classification for the purposes of registering trademarks and service marks.⁷

The Nice Classification is reviewed and revised by its Committee of Experts, which is made up of representatives of each party to the Nice Agreement. In 2013, the Committee of Experts began annual revisions to the Nice Classification. The annual revisions enter into force on January 1 each year and are referred to as versions that are identified by edition number and year of the effective date (e.g., “Nice Classification, 10th edition, version 2013”).⁸ The changes consist of the addition and deletion of new or obsolete goods and services from the Nice Classification’s class headings, alphabetical list of named goods and services, and explanatory notes, as well as any other required amendments. New editions are published every 5 years and adopt the cumulative changes of the prior versions.⁹

Effective January 1, 2019, the federal classifications of goods and services were updated to reflect the Nice Classification, 11th edition, version 2019.¹⁰

Florida Trademark Law and Classification of Goods and Services

Chapter 495, F.S., “Registration and Protection of Trademarks,” governs the intrastate use of marks in Florida. Pursuant to ch. 495, F.S., the DOS’s Division of Corporations (division) registers marks that are in use in Florida.¹¹ There are currently 14,242 active registered marks,

visited Feb. 18, 2019); Florida Bar, *Consumer Pamphlet: Intellectual Property* (last updated Jan. 2019), available at <https://www.floridabar.org/public/consumer/pamphlet021/> (last visited Feb. 18, 2019).

⁴ 15 U.S.C. s.1051, et seq (2002).

⁵ See 37 CFR 2.85(a).

⁶ World Intellectual Property Organization, *WIPO-Administered Treaties, Contracting Parties to the Nice Agreement*, https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=12 (last visited Feb. 18, 2019).

⁷ World Intellectual Property Organization, *Summary of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks*, https://www.wipo.int/treaties/en/classification/nice/summary_nice.html (last visited Feb. 18, 2019).

⁸ World Intellectual Property Organization, *FAQ: What is the difference between versions and editions of the NCL?*, <https://www.wipo.int/classifications/nice/en/faq.html> (last visited Feb. 18, 2019).

⁹ World Intellectual Property Organization, *FAQ: Is it Updated?*, <https://www.wipo.int/classifications/nice/en/faq.html> (last visited Feb. 18, 2019).

¹⁰ U.S. Patent and Trade Office, *International Trademark Classification Changes*, 83 Fed. Reg. 62711 (Dec. 6, 2018) (codified at 37 CFR 6).

¹¹ See, Florida Department of State Division of Corporations, *Florida Trademark – Service Mark Registration and Use* (2013), available at http://form.sunbiz.org/pdf/Chapter_495_Booklet.pdf (last visited Feb. 18, 2019).

1,552 of which were registered in 2017.¹² A registration lasts for 5 years, and may be renewed for successive 5-year terms.¹³ The division assess a registration fee of \$87.50 per classification, and any mark may be registered under multiple classifications.¹⁴

An application for registration of a mark must:¹⁵

- Provide the applicant's name, address, and if applicable, place of incorporation;
- Explain the goods or services for which the mark will be used, and how the mark will be affixed to, or used in connection therewith;
- Identify the statutory class (*see* s. 495.111, F.S.) to which the good or service to be marked belongs;
- Detail the history of the mark's use, especially in Florida; and
- State that the applicant owns the mark, that the mark is in current use, and that no other entity or person has registered or has a right to use the mark in Florida.

There are currently 34 classifications of goods and 11 classifications of services in Florida law.¹⁶

III. Effect of Proposed Changes:

SB 198 conforms Florida's classifications for trademark goods and services to the 2018 version of the 11th edition of the Nice Classification.

The bill provides an effective date of July 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

¹² Florida Department of State, *Yearly Statistics From 2011 to Present*, <https://dos.myflorida.com/sunbiz/about-us/yearly-statistics/> (last visited Feb. 18, 2019).

¹³ Section 495.071, F.S.

¹⁴ Florida Dep't of State, *Trademark/Service Mark Registration Guidelines* (Jan. 2011), <http://form.sunbiz.org/pdf/cr2e014.pdf> (last visited Feb. 18, 2019).

¹⁵ Section 459.031(1), F.S.

¹⁶ Section 495.111, F.S.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Florida's classifications of goods and services for the purpose of registering a state mark will more closely resemble the federal classifications of goods and services. This may reduce confusion for those who register their marks at the state and federal level.

C. Government Sector Impact:

The DOS may incur costs relating to updating mark registration applications and related forms.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The federal classifications of goods and services were updated to reflect the newest version of the Nice Classification, effective January 1, 2019. As a result, the proposed language does not match the federal language, however the differences are generally minimal in effect.

VIII. Statutes Affected:

This bill substantially amends section 495.111 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

By Senator Berman

31-00340-19

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A bill to be entitled
An act relating to trademark classifications; amending
s. 495.111, F.S.; revising classes of goods and
services to conform to the classifications adopted by
the United States Patent and Trademark Office;
providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (a) and (b) of subsection (1) of
section 495.111, Florida Statutes, are amended to read:

495.111 Classification.—

(1) The following general classes of goods and services,
conforming to the classification adopted by the United States
Patent and Trademark Office, are established for convenience of
administration of this chapter:

(a) Goods:

1. Class 1 Chemicals for use ~~used~~ in industry, science, and
photography, as well as in ~~in~~ agriculture, horticulture, and
forestry; unprocessed artificial resins, unprocessed plastics;
~~manures~~, fire extinguishing and fire prevention compositions;
tempering and soldering preparations; substances for tanning
animal skins and hides ~~chemical substances for preserving~~
~~foodstuffs; tanning substances; and adhesives~~ for use ~~used~~ in
industry; putties and other paste fillers; compost, manures,
fertilizers; biological preparations for use in industry and
science.

2. Class 2 Paints, varnishes, lacquers; preservatives
against rust and against deterioration of wood; colorants, and

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30 dyes; inks for printing, marking and engraving ~~mordants~~; raw
31 natural resins; ~~and~~ metals in foil and powder form for use in
32 painting, decorating, printing and art ~~painters, decorators,~~
33 ~~printers, and artists.~~

34 3. Class 3 Non-medicated cosmetics and toiletry
35 preparations; non-medicated dentifrices; perfumery, essential
36 oils; bleaching preparations and other substances for laundry
37 use; cleaning, polishing, scouring, ~~and abrasive preparations;~~
38 ~~soaps; perfumery, essential oils, cosmetics, and hair lotions;~~
39 ~~and dentifrices.~~

40 4. Class 4 Industrial oils and greases, wax; lubricants;
41 dust absorbing, wetting, ~~and~~ binding compositions; fuels
42 ~~(including motor spirit)~~ and illuminants; ~~and~~ candles and wicks
43 for lighting.

44 5. Class 5 Pharmaceuticals, medical and veterinary
45 preparations; sanitary preparations for medical purposes;
46 dietetic food and substances adapted for medical or veterinary
47 use, ~~and~~ food for babies; dietary supplements for humans and
48 animals; plasters, ~~and~~ materials for dressings; material for
49 stopping teeth, ~~and~~ dental wax; disinfectants; preparations for
50 destroying vermin; ~~and~~ fungicides, ~~and~~ herbicides.

51 6. Class 6 Common metals and their alloys, ores; metal
52 ~~building~~ materials for building and construction; transportable
53 buildings of metal; ~~materials of metal for railway tracks;~~ non-
54 electric ~~nonelectric~~ cables and wires of common metal;
55 ~~ironmongery and~~ small items of metal hardware; metal containers
56 for storage or transport; safes ~~pipes and tubes of metal; safes;~~
57 ~~goods of common metal not included in other classes; and ores.~~

58 7. Class 7 Machines, ~~and~~ machine tools, power-operated

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59 tools; motors and engines, ~~except for land vehicles~~; machine
60 coupling and transmission components, ~~except for land~~
61 ~~vehicles~~; agricultural implements, other than hand-operated
62 hand tools; incubators for eggs; automatic vending machines.

63 8. Class 8 Hand tools and ~~hand-operated~~ implements, hand-
64 operated; cutlery; side arms, except firearms; ~~and~~ razors.

65 9. Class 9 Scientific, nautical, surveying, photographic,
66 cinematographic, optical, weighing, measuring, signaling,
67 checking (supervision), ~~and~~ life-saving and teaching apparatus
68 and instruments; apparatus and instruments for conducting,
69 switching, transforming, accumulating, regulating, or
70 controlling electricity; apparatus for recording, transmission,
71 or reproduction of sound or images; magnetic data carriers, ~~and~~
72 recording discs; compact discs, DVDs and other digital recording
73 media; ~~automatic vending machines and~~ mechanisms for coin-
74 operated apparatus; cash registers, calculating machines, ~~and~~
75 data processing equipment, ~~and~~ computers; computer software; ~~and~~
76 fire-extinguishing apparatus.

77 10. Class 10 Surgical, medical, dental, and veterinary
78 apparatus and instruments; artificial limbs, eyes, and teeth;
79 orthopaedic orthopedic articles; ~~and~~ suture materials;
80 therapeutic and assistive devices adapted for the disabled;
81 massage apparatus; apparatus, devices and articles for nursing
82 infants; sexual activity apparatus, devices and articles.

83 11. Class 11 Apparatus for lighting, heating, steam
84 generating, cooking, refrigerating, drying, ventilating, water
85 supply, and sanitary purposes.

86 12. Class 12 Vehicles; apparatus for locomotion by land,
87 air, or water.

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13. Class 13 Firearms; ammunition and projectiles;
explosives; ~~and~~ fireworks.

14. Class 14 Precious metals and their alloys ~~and goods in
precious metals or coated therewith (not included in other
classes);~~ jewellery, jewelry and precious and semi-precious
stones; ~~and~~ horological and chronometric instruments.

15. Class 15 Musical instruments.

16. Class 16 Paper and, ~~cardboard, and goods made from
these materials (not included in other classes);~~ printed matter;
bookbinding material; photographs; stationery and office
requisites, except furniture; adhesives for stationery or
household purposes; drawing materials and materials for artists;
paintbrushes; instructional and teaching materials; plastic
sheets, films and bags for wrapping and packaging artists'
~~materials; paint brushes; typewriters and office requisites~~
~~(except furniture); instructional and teaching material (except~~
~~apparatus); plastic materials for packaging (not included in~~
~~other classes);~~ printers' type, ~~and~~ and printing blocks.

17. Class 17 Unprocessed and semi-processed rubber, gutta-
percha, gum, asbestos, mica, ~~and~~ substitutes for all these
materials ~~goods made from these materials and not included in~~
~~other classes;~~ plastics and resins in extruded form for use in
manufacture; packing, stopping, ~~and~~ and insulating materials; ~~and~~
flexible pipes, tubes and hoses, not of metal.

18. Class 18 Leather and imitations of leather ~~and goods~~
~~made of these materials and not included in other classes;~~
animal skins and hides; luggage and carrying bags ~~trunks and~~
~~traveling bags;~~ umbrellas and, ~~parasols;~~ ~~and~~ walking sticks;
~~and~~ whips, harness, ~~and~~ saddlery; collars, leashes and clothing

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117 for animals.

118 19. Class 19 Building materials (non-metallic ~~nonmetallic~~);
119 non-metallic ~~nonmetallic~~ rigid pipes for building; asphalt,
120 pitch, and bitumen; non-metallic ~~nonmetallic~~ transportable
121 buildings; monuments, not of metal.

122 20. Class 20 Furniture, mirrors, ~~and~~ picture frames;
123 containers, not of metal, for storage or transport; unworked or
124 semi-worked bone, horn, whalebone or mother-of-pearl; shells;
125 meerschaum; yellow amber goods ~~(not included in other classes)~~
126 ~~of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone,~~
127 ~~shell, amber, mother-of-pearl, and meerschaum and substitutes~~
128 ~~for all these materials, or of plastics.~~

129 21. Class 21 Household or kitchen utensils and containers;
130 cookware and tableware, except forks, knives and spoons ~~(not of~~
131 ~~precious metal or coated therewith)~~; combs and sponges; brushes,
132 ~~(except~~ paintbrushes ~~paint brushes)~~; brush-making materials;
133 articles for cleaning purposes; ~~steel wool~~; unworked or semi-
134 worked ~~semiworked~~ glass, ~~(except~~ building ~~glass used in~~
135 ~~building)~~; and glassware, porcelain, and earthenware ~~not~~
136 ~~included in other classes.~~

137 22. Class 22 Ropes and string; nets; tents, and
138 tarpaulins; awnings of textile or synthetic materials;
139 ~~tarpaulins~~, sails; sacks for the transport and storage of
140 materials in bulk, ~~and bags~~ ~~(not included in other classes)~~;
141 padding, cushioning and stuffing materials, ~~(except of~~ paper,
142 cardboard, rubber or plastics); ~~and~~ raw fibrous textile
143 materials and substitutes therefor.

144 23. Class 23 Yarns and threads, for textile use.

145 24. Class 24 Textiles and substitutes for textiles;

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146 household linen; curtains of textile or plastic ~~textile goods~~
147 ~~not included in other classes and bed and table covers.~~

148 25. Class 25 Clothing, footwear, ~~and~~ headgear.

149 26. Class 26 Lace and embroidery, ribbons~~,~~ and braid;
150 buttons, hooks and eyes, pins~~,~~ and needles; ~~and~~ artificial
151 flowers; hair decorations; false hair.

152 27. Class 27 Carpets, rugs, mats and matting, linoleum~~,~~ and
153 other materials for covering existing floors; ~~and~~ wall hangings
154 (non-textile ~~nontextile~~).

155 28. Class 28 Games, toys and playthings; video game
156 apparatus; gymnastic and sporting articles ~~not included in other~~
157 ~~classes; and~~ decorations for Christmas trees.

158 29. Class 29 Meat, fish, poultry~~,~~ and game; meat extracts;
159 preserved, frozen, dried~~,~~ and cooked fruits and vegetables;
160 jellies, jams, ~~and~~ compotes; eggs~~;~~ milk~~,~~ and milk products; ~~and~~
161 ~~edible~~ oils and fats for food.

162 30. Class 30 Coffee, tea, cocoa~~,~~ and artificial coffee;
163 ~~sugar,~~ rice~~;~~ tapioca~~,~~ and sago~~,~~ ~~and artificial coffee;~~ flour
164 and preparations made from cereals~~;~~ bread, pastries ~~pastry~~ and
165 confectionery; edible, ~~and~~ ices; sugar, honey, ~~and~~ treacle;
166 yeast, baking-powder ~~baking powder~~; salt~~;~~ ~~and~~ mustard; vinegar,
167 ~~and~~ sauces (condiments); spices; ~~and~~ ice (frozen water).

168 31. Class 31 Raw and unprocessed agricultural,
169 aquacultural, horticultural, and forestry products; raw and
170 unprocessed grains and seeds ~~and grains not included in other~~
171 ~~classes; live animals;~~ fresh fruits and vegetables, fresh herbs;
172 ~~seeds,~~ natural plants~~,~~ and flowers; bulbs, seedlings and seeds
173 for planting; live animals; foodstuffs and beverages for
174 animals; ~~and~~ malt.

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175 32. Class 32 Beers; mineral and aerated waters and other
176 non-alcoholic beverages ~~nonalcoholic drinks~~; fruit beverages
177 ~~drinks~~ and fruit juices; ~~and~~ syrups and other preparations for
178 making beverages.

179 33. Class 33 Alcoholic beverages (except beers).

180 34. Class 34 Tobacco; smokers' articles; ~~and~~ matches.

181 (b) Services:

182 1. Class 35 Advertising; business management; business
183 administration; ~~and~~ office functions.

184 2. Class 36 Insurance; financial affairs; monetary affairs;
185 ~~and~~ real estate affairs.

186 3. Class 37 Building construction; repair; ~~and~~ installation
187 services.

188 4. Class 38 Telecommunications.

189 5. Class 39 Transport; packaging and storage of goods; ~~and~~
190 travel arrangement ~~arrangements~~.

191 6. Class 40 Treatment of materials.

192 7. Class 41 Education; providing of training;
193 entertainment; ~~and~~ sporting and cultural activities.

194 8. Class 42 Scientific and technological services and
195 research and design relating thereto; industrial analysis and
196 research services; design and development of computer hardware
197 and software; ~~and legal services~~.

198 9. Class 43 Services for providing food and drink; ~~and~~
199 temporary accommodation.

200 10. Class 44 Medical services; veterinary services;
201 hygienic and beauty care for human beings or animals; ~~and~~
202 agriculture, horticulture, ~~and~~ forestry services.

203 11. Class 45 Legal services; security services for the

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204 physical protection of tangible property and individuals;
205 personal and social services rendered by others to meet the
206 needs of individuals; ~~and security services for the protection~~
207 ~~of property and individuals.~~

208 Section 2. This act shall take effect July 1, 2019.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/2019

Bill Number (if applicable) 53198

Topic _____

Amendment Barcode (if applicable) _____

Name Dineen Pashoukos Wesleylik

Job Title Frederick Lawver

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Speaking: ☒ For ☐ Against ☐ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Florida Bar Business Law Section

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:

Health Policy, *Vice Chair*
Appropriations Subcommittee on Agriculture,
Environment, and General Government
Education
Environment and Natural Resources

SENATOR LORI BERMAN

31st District

January 14, 2019

The Honorable Joe Gruters, Chair
Commerce and Tourism Committee
324 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Dear Chair Gruters:

I am writing to request that Senate Bill 198, *Trademark Classifications*, be placed on the agenda of the next Commerce and Tourism Committee meeting.

Should you have any questions regarding this bill, please feel free to contact me. Thank you for your time and consideration.

Best regards,

A handwritten signature in cursive script that reads "Lori Berman".

Lori Berman

cc: Todd McKay, Staff Director
Madeline Reeve, Committee Administrative Assistant

REPLY TO:

- ☐ 2300 High Ridge Road, Suite 161, Boynton Beach, Florida 33426 (561) 292-6014 FAX: (888) 284-6491
- ☐ 311 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5031

Senate's Website: www.flsenate.gov

BILL GALVANO
President of the Senate

DAVID SIMMONS
President Pro Tempore

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: CS/SB 220

INTRODUCER: Commerce and Tourism Committee and Senator Brandes

SUBJECT: Beverage Law

DATE: February 19, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Oxamendi</u>	<u>Imhof</u>	<u>IT</u>	Favorable
2.	<u>Anderson</u>	<u>McKay</u>	<u>CM</u>	Fav/CS
3.	<u> </u>	<u> </u>	<u>RC</u>	<u> </u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 220 repeals the limits on the size of a wine container, which in current law may not hold more than one gallon, unless the container is reusable and holds 5.16 gallons.

The bill also repeals the limits on the size of a cider container, which in current law may not hold more than 32 ounces of cider. However, current law permits cider to be packaged and sold in bulk, in kegs or barrels, or in any individual container of one gallon or more of cider, regardless of container type.

The bill amends the current provision that permits a restaurant patron to take home a partially consumed bottle of wine under certain conditions. It revises the requirement that a restaurant patron must purchase and consume a full course meal (consisting of an entrée, salad or vegetable, beverage, and bread) in order to be able to take home a partially consumed bottle of wine. The bill replaces that requirement with a requirement that a restaurant patron purchase only a meal with the bottle of wine.

Additionally, the bill revises certain provisions applicable to craft distilleries. First, the bill increases the current distilled spirits production limit to qualify as a craft distillery from 75,000 gallons to 250,000 gallons, but limits the amount that may be transferred to the craft distillery's souvenir gift shop for sale to consumers for off-premises consumption to 75,000 gallons. Second, the bill repeals the six individual container limit on sales of each of the craft distillery's branded products to a consumer at a craft distillery's souvenir gift shop. Third, the bill codifies a

recent declaratory statement issued to a craft distillery by the Division of Alcoholic Beverages of the Department of Business and Professional Regulation. The statement interprets current law to permit a craft distillery to blend distilled spirits produced at its licensed premises with distilled spirits produced elsewhere, provided the blended product is blended and filled in factory-sealed containers, at the craft distillery's licensed premises. Fourth, the bill allows craft distilleries to ship their spirits out of state, as long as in doing so they are in compliance with the laws of the other state.

The bill allows the issuance of up to eight vendor licenses for licensed distilleries to sell alcohol at a distillery's licensed premises, a seaport facility, or an airport, and allows distilleries to apply for permits to conduct tastings and sales at fairs, festivals, expositions, and trade shows for the length of the event.

CS/SB 220 has no fiscal impact on state government.

The effective date of the bill is July 1, 2019.

II. Present Situation:

Division of Alcoholic Beverages and Tobacco

The Division of Alcoholic Beverages and Tobacco (division) within the Department of Business and Professional Regulation administers and enforces¹ the Beverage Law,² which regulates the manufacture, distribution, and sale of wine, beer, and liquor.³ The division is also responsible for the administration and enforcement of tobacco products under ch. 569, F.S.

Wine and Cider Containers

Section 564.05, F.S., prohibits the sale of wine in an individual container that holds more than one gallon of wine. However, wine may be sold in a reusable container of 5.16 gallons. Distributors and manufacturers may sell wine to other distributors and manufacturers in containers of any size. Any person who violates the prohibition in s. 564.05, F.S., commits a second degree misdemeanor.⁴

Section 564.055, F.S., prohibits the sale of cider⁵ at retail in any individual container of more than 32 ounces of cider. However, cider may be packaged and sold in bulk, in kegs or barrels, or in any individual container of one gallon or more of cider, regardless of container type.

¹ Section 561.02, F.S.

² Section 561.01(6), F.S., provides that the "Beverage Law" means chs. 561, 562, 563, 564, 565, 567, and 568, F.S.

³ See s. 561.14, F.S.

⁴ Section 775.082(4), F.S., provides the penalty for a misdemeanor of the second degree is a term of imprisonment not exceeding 60 days. Section 775.083(1)(e), F.S., provides the penalty for a misdemeanor of the second degree is a fine not to exceed \$500.

⁵ Section 564.06(4), F.S., provides that "cider" is "made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears, including but not limited to flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must, that contain not less than one-half of 1 percent of alcohol by volume and not more than 7 percent of alcohol by volume." "Must" is the expressed juice of a fruit before and during fermentation. See <https://www.merriam-webster.com/dictionary/must> (last visited February 19, 2019).

Restaurants - Off-Premises Consumption of Wine

Restaurants licensed to sell wine on the premises may permit patrons to remove one bottle of wine for consumption off the licensed premises under the following conditions:

- The patron must have purchased a full-course meal consisting of a salad or vegetable, entrée, a beverage, and bread and consumed a portion of the bottle of wine with the meal;
- Before the partially-consumed bottle of wine is removed from the premises, the bottle must be securely resealed by the licensee, or the licensee's employee, and placed in a bag or other container that is secured in such a manner that it is visibly apparent if the container has been opened or tampered with after having been sealed;
- A dated receipt for the wine and meal must be attached to the container; and
- The container must be placed in a locked glove compartment, trunk, or other area behind the last upright seat of a motor vehicle that does not have a trunk.⁶

Three-Tier System

In the United States, the regulation of alcohol since the repeal of Prohibition has traditionally been based upon a “three-tier system.” The system requires separation of the manufacture, distribution, and sale of alcoholic beverages. The manufacturer creates the beverages. The distributor obtains the beverages from the manufacturer and delivers them to the vendor. The vendor (retailer) makes the ultimate sale to the consumer. Manufacturers may not sell directly to retailers or directly to consumers.

Generally, Florida follows the three-tier system. Only licensed vendors are permitted to sell alcoholic beverages directly to consumers at retail.⁷ Licensed manufacturers, distributors, and registered exporters are prohibited from also being licensed as vendors.⁸ Manufacturers are also generally prohibited from having an interest in a vendor and from distributing directly to a vendor.⁹

Tied House Evil Prohibitions

The system is deeply rooted in the perceived evils of the “tied house” in which a bar is owned or operated by a manufacturer or the manufacturer exercises undue influence over the retail vendor.¹⁰ Activities are heavily regulated to prevent a manufacturer or distributor from having a financial interest, directly or indirectly, in the establishment or business of a licensed vendor.

⁶ Section 564.09, F.S.

⁷ Section 561.14(3), F.S. However, see the exceptions provided in ss. 561.221 and 565.03, F.S.

⁸ Section 561.22, F.S.

⁹ Sections 563.022(14) and 561.14(1), F.S.

¹⁰ Jessica C. Starns, *The Dangers of Common Ownership in an Uncommon Industry, Alcohol Policy in America and the Timeless Relevance of Tied-House Restrictions*, (2017) available at: <https://www.centerforalcoholpolicy.org/wp-content/uploads/2017/03/The-Dangers-of-Common-Ownership-in-an-Uncommon-Industry.pdf> (last visited February 19, 2019).

Three-Tier System Exceptions

Exceptions to the three-tier regulatory system permit in-state wineries,¹¹ breweries,¹² and craft distilleries to sell directly to consumers.¹³ Restaurants licensed as vendors (brew pubs) may manufacture a limited quantity of malt beverages and sell directly to consumers for consumption on the licensed premises of a restaurant.¹⁴

A winery, even if licensed as a distributor,¹⁵ may be licensed as a vendor for a licensed premises situated on property contiguous to the manufacturing premises of the winery. A winery may not be issued more than three vendor licenses.¹⁶

The division may issue permits for a certified Florida Farm Winery¹⁷ to conduct tasting and sales of its wines at Florida fairs, trade shows, expositions, and festivals. The permit is limited to the length of the event. The certified Florida Farm Winery is required to pay all entry fees and must have a winery representative present during the event.

Distilleries and Craft Distilleries

Section 565.01, F.S., defines the terms “liquor,” “distilled spirits,” “spirituous liquors,” “spirituous beverages,” or “distilled spirituous liquors” to mean “that substance known as ethyl alcohol, ethanol, or spirits of wine in any form, including all dilutions and mixtures thereof from whatever source or by whatever process produced.”

A “distillery” is a manufacturer of distilled spirits,¹⁸ and a “craft distillery” is a licensed distillery that produces 75,000 or fewer gallons of distilled spirits per calendar year on its premises. A craft distillery must notify the division in writing of its decision to qualify as a craft distillery.¹⁹

All distilleries engaged solely in the business of manufacturing distilled spirits, or engaged in the business of blending and rectifying²⁰ distilled spirits must pay a state license tax for each plant or branch operating in Florida. Distilleries pay \$4,000 annually for the license tax and craft distilleries pay \$1,000. Persons who engage in the business of distilling spirits may also rectify and blend spirituous liquors without paying an additional license tax.²¹

¹¹ See s. 561.221(1), F.S.

¹² See s. 561.221(2), F.S.

¹³ See s. 565.03, F.S.

¹⁴ See s. 561.221(3), F.S.

¹⁵ Section 561.14(1), F.S., permits manufacturers to distribute at wholesale to licensed distributors and to no one else within the state, unless authorized by statute.

¹⁶ See s. 561.221(1), F.S.

¹⁷ Section 599.004, F.S., establishes the Florida Farm Winery Program within the Department of Agriculture and Consumer Services. The requirements for certification include that a winery produce or sell less than 250,000 gallons of wine annually and that 60 percent of the wine produced is made from state agricultural products.

¹⁸ Section 565.03(1)(c), F.S.

¹⁹ Section 565.03(1)(b), F.S.

²⁰ Merriam-Webster defines rectify as the purification (of alcohol) especially by repeated or fractional distillation, *available at* <http://www.merriam-webster.com/dictionary/rectify> (last visited February 19, 2019).

²¹ Section 565.03(3), F.S.

Retail Sales by Distilleries

A craft distillery is allowed to sell to consumers branded products²² distilled on the licensed premises. The products must be in factory-sealed containers that are filled at the distillery and sold for off-premises consumption.²³ The sales must occur at the distillery's souvenir gift shop located on private property contiguous to the licensed distillery premises.²⁴ The craft distillery is not required to obtain, in addition to its manufacturer's license, a vendor's license in order to sell distilled spirits to consumers.

A craft distillery must report to the division within five business days after it has reached the 75,000-gallon production limit and cease making sales to consumers on the day after it reaches the production limit.²⁵

A craft distillery may not ship, arrange to ship, or deliver distilled spirits to consumers, but may ship, arrange to ship, or deliver distilled spirits to manufacturers of distilled spirits, wholesale distributors of distilled spirits, state and federal bonded warehouses, and exporters.²⁶

A craft distillery may not transfer its license or any ownership interest to any individual or entity with a direct or indirect interest in another distillery licensed in any other state, territory, or country.²⁷ However, a craft distillery may be affiliated with another distillery that produces 75,000 or fewer gallons per calendar year of distilled spirits on its premises or in any other state, territory, or country.²⁸

A craft distillery must submit beverage excise taxes on distilled spirits sold to consumers in its monthly report to the division.²⁹

Declaratory Statement

On January 19, 2018, the division issued a declaratory statement interpreting s. 565.03(2)(c), F.S., to permit a craft distillery to sell to consumers, at its souvenir gift shop, a product comprised of a blend of liquors distilled on the premises of the craft distillery and liquors distilled by other manufacturers away from the premises. The craft distillery may then, at the craft distillery, fill individual containers with the final, blended liquor product for sale at its souvenir gift shop.³⁰

²² Section 565.03(1)(a), F.S., defines "branded product" to mean "any distilled spirits product manufactured on site, which requires a federal certificate and label approval by the Federal Alcohol Administration Act or federal regulations."

²³ Section 565.03(2)(c), F.S.

²⁴ *Id.*

²⁵ Section 565.03(2)(c)3., F.S.

²⁶ Section 565.03(2)(c)4., F.S.

²⁷ Section 565.03(2)(c)5., F.S.

²⁸ Section 565.03(2)(c)6., F.S.

²⁹ Section 565.03(5), F.S. Section 565.12, F.S., requires manufactures and distributors to pay an excise tax on alcoholic beverages, with the tax rate per gallon depending on the percent of alcohol by volume of the beverage. Section 565.13, F.S., requires every distributor selling spirituous beverages within the state to pay the tax to the division monthly on or before the 10th day of the following month.

³⁰ Final Order on Petition for Declaratory Statement, *In Re: Petition for Declaratory Statement Before the Division Of Alcoholic Beverages and Tobacco, On behalf of Drum Circle Distilling, LLC*, DS 2017-071 (DABT Case No. 2017-052675), January 19, 2018, (on file with Senate Committee on Innovation, Industry, and Technology).

Deliveries by Licensees

Section 561.57(1), F.S., permits an alcoholic beverages vendor to make deliveries away from its place of business for sales made at the licensed place of business. Telephone or mail orders received at a vendor's licensed place of business are construed as a sale actually made at the vendor's licensed place of business.³¹ Current law does not address orders received via the Internet or other electronic forms of communication.

Deliveries made by a manufacturer, distributor, or a vendor away from its place of business may only be made in vehicles owned or leased by the licensee. By acceptance of an alcoholic beverage license and the use of vehicles owned by or leased by the vendor, the vendor agrees the vehicle is subject to be inspected and searched without a search warrant by employees of the division or law enforcement officers to ascertain compliance with all provisions of the alcoholic beverage laws.³²

Common carriers³³ may transport alcoholic beverages.³⁴ However, current law does not authorize manufacturers, distributors, and vendors to use common carriers to make deliveries.

A "permit carrier" is a licensee authorized to make deliveries under s. 561.57, F.S.³⁵

III. Effect of Proposed Changes:

Wine Containers

Section 1 repeals the wine container size limits in s. 564.05, F.S.

Cider Containers

Section 2 repeals the cider container size limits in s. 564.055, F.S.

Restaurants - Off-Premises Consumption of Wine

Section 3 amends s. 564.09, F.S., to revise the requirement that a restaurant patron must purchase and consume a full course meal in order to be able to take home a partially consumed bottle of wine. The bill retains the requirement that the restaurant patron purchase a meal with the bottle of wine.

³¹ Section 561.57(1), F.S.

³² Section 561.57(2), F.S.

³³ Section 561.01(19), F.S., defines a "common carrier" as "any person, firm, or corporation that undertakes for hire, as a regular business, the transportation of persons or commodities from place to place, offering its services to all who choose to employ it and pay its charges."

³⁴ Section 561.57(5), F.S.

³⁵ Section 561.01(20), F.S.

Craft Distilleries

Section 4 amends s. 565.03, F.S., to revise the definition of “branded product” to include distilled spirits manufactured on site and blended with other distilled spirits to codify the declaratory statement entered by the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation on January 19, 2018.³⁶

The bill revises the requirement that a craft distillery may only produce up to 75,000 gallons per calendar year, instead allowing for 250,000 or fewer gallons per calendar year. The bill also increases from 75,000 gallons to 250,000 gallons the maximum production per calendar year of distilled spirits a distillery affiliated with a craft distillery may produce on its premises or in any other state, territory, or country.

Under the bill, the amount allowed to be transferred to the craft distillery’s souvenir gift shop for sale to consumers is limited to 75,000 gallons per calendar year.

Additionally, the bill repeals the limit of six individual containers of each branded product a consumer may purchase in a face-to-face transaction in the craft distillery’s souvenir gift shop.

The bill allows craft distilleries to ship their spirits to consumers out of state, as long as doing so does not conflict with the laws of that state.

Section 5 amends s. 561.221, F.S., to allow the division to issue up to eight vendor’s licenses to licensed distilleries for the sale of alcoholic beverages at a distillery’s licenses premises, a seaport facility, or an airport terminal. Licensed distilleries that have a distributor’s license may be issued a vendor’s license. If the vendor’s license is for the sale of alcoholic beverages on a distillery’s licensed premise, a sketch or diagram of the premise must be included in the license application.

The division may issue permits to distilleries for fairs, trade shows, expositions, and festivals to conduct tastings and sales of distilled spirits. Such permits are limited to the length of the event.

Effective Date

Section 6 provides the bill takes effect July 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

³⁶ See, supra at note 18.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill repeals the following sections of the Florida Statutes: 564.05 and 564.055.

This bill substantially amends the following sections of the Florida Statutes: 561.221, 564.09, and 565.03.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Commerce and Tourism Committee on February 19, 2019:

The committee substitute:

- Amends s. 561.221, F.S., to allow the division to issue up to eight vendor's licenses to licensed distilleries for the sale of alcoholic beverages at a distillery's licenses premises, a

- seaport facility, or an airport terminal. Licensed distilleries that have a distributor's license may be issued a vendor's license. If the vendor's license is for the sale of alcoholic beverages on a distillery's licensed premise, a sketch or diagram of the premise must be included in the license application.
- Allows the division to issue permits to distilleries for fairs, trade shows, expositions, and festivals to conduct tastings and sales of distilled spirits. Such permits are limited to the length of the event.
 - Amends s. 565.03, F.S., to allow craft distilleries to ship their spirits to consumers out of state, as long as doing so does not conflict with the laws of that state.

B. Amendments:

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RS	.	
02/20/2019	.	
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The Committee on Commerce and Tourism (Brandes) recommended the following:

Senate Amendment (with directory and title amendments)

Delete lines 70 - 123
and insert:

(b) A licensed distillery or craft distillery may ~~Persons licensed under this section who are in the business of distilling spirituous liquors may also~~ engage in the business of rectifying and blending spirituous liquors without the payment of an additional license tax.

(c) A craft distillery licensed under this section which is



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11 not licensed as a vendor under s. 561.221 may sell to consumers
12 under its craft distillery license, at its souvenir gift shop,
13 up to 75,000 gallons per calendar year of branded products
14 ~~distilled on its premises in this state in factory-sealed~~
15 ~~containers that are filled at the distillery for off-premises~~
16 ~~consumption by consumers~~. Such sales are authorized only on
17 ~~private~~ property owned or leased by the craft distillery which
18 is contiguous to the craft distillery's licensed ~~distillery~~
19 ~~premises approved by the division in this state and included on~~
20 ~~the sketch or diagram defining the licensed premises submitted~~
21 ~~with the distillery's license application. All sketch or diagram~~
22 ~~revisions by the distillery shall require the division's~~
23 ~~approval verifying that the souvenir gift shop location operated~~
24 ~~by the licensed distillery is owned or leased by the distillery~~
25 ~~and on property contiguous to the distillery's production~~
26 ~~building in this state.~~

27 1. A craft distillery may not sell under its craft
28 distillery license any factory-sealed individual containers of
29 spirits to consumers in this state except in face-to-face sales
30 transactions with such consumers at the craft distillery's
31 licensed premises. Such containers must be in compliance with
32 the container limits in s. 565.10 ~~who are making a purchase of~~
33 ~~no more than six individual containers of each branded product.~~

34 ~~2. Each container sold in face-to-face transactions with~~
35 ~~consumers must comply with the container limits in s. 565.10,~~
36 ~~per calendar year for the consumer's personal use and not for~~
37 ~~resale and who are present at the distillery's licensed premises~~
38 ~~in this state.~~

39 ~~2.3.~~ A craft distillery must report to the division within



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5 days after it reaches the production limitations provided in paragraph (1)(b). Any retail sales to consumers under its craft distillery license ~~at the craft distillery's licensed premises~~ are prohibited beginning the day after it reaches the production limitation.

~~3.4.~~ A craft distillery that has not been issued a vendor's license under s. 561.221 may not ship or arrange to ship any of its distilled spirits to consumers in this state and may sell and deliver only to consumers within the state in a face-to-face transaction at the distillery property. However, a craft distillery ~~distiller~~ licensed under this section may ship, arrange to ship, or deliver such spirits to manufacturers of distilled spirits, wholesale distributors of distilled spirits, state or federal bonded warehouses, ~~and~~ exporters, or consumers located outside of the state; however, all such shipments must comply with the laws where such products are scheduled to be delivered for personal or commercial use.

~~4.5.~~ Except as provided in subparagraph 6., it is unlawful to transfer a distillery license for a distillery that produces 250,000 ~~75,000~~ or fewer gallons per calendar year of distilled spirits on its premises or any ownership interest in such license to an individual or entity that has a direct or indirect ownership interest in any distillery licensed in this state; another state, territory, or country; or by the United States government to manufacture, blend, or rectify distilled spirits for beverage purposes.

~~5.6.~~ A craft distillery shall not have its ownership affiliated with another distillery, unless such distillery produces 250,000 ~~75,000~~ or fewer gallons per calendar year of



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distilled spirits on each of its premises in this state or in another state, territory, or country.

6. A craft distillery may transfer up to 75,000 gallons per calendar year of distilled spirits that it manufactures from its federal bonded space, nonbonded space at its licensed premises, or storage areas to its souvenir gift shop.

(5) A craft distillery transferring distilled spirits to its retail areas pursuant to paragraph (2)(c) or s. 561.221
~~making sales under paragraph (2)(c)~~ is responsible for submitting any excise taxes due to the state on distilled spirits ~~on beverages~~ under the Beverage Law with in ~~in~~ its monthly report to the division ~~with any tax payments due to the state.~~

Section 5. Subsection (4) is added to section 561.221, Florida Statutes, to read:

561.221 Licensing of manufacturers and distributors as vendors and of vendors as manufacturers; conditions and limitations.—

(4)(a) Notwithstanding s. 561.22, s. 561.42, or any other provision of the Beverage Law, the division may issue vendor's licenses for the sale of alcoholic beverages:

1. On a distillery's licensed premises;
2. On a seaport facility's premises; or
3. At an airport terminal, as defined in s. 561.01(13)

to a distillery licensed under s. 565.03, even if such distillery is also licensed as a distributor.

(b) If the vendor's license is for the sale of alcoholic beverages on a distillery's licensed premises, the licensed vendor premises must be included on the sketch or diagram



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defining the licensed premises submitted with the distillery's
license application pursuant to s. 565.03(c). All sketch or
diagram revisions by the distillery must be approved by the
division, verifying that the vendor premises operated by the
licensed distillery is owned or leased by the distillery and is
located on the licensed distillery premises.

(c) A distillery possessing a vendor's license under this
subsection may not make deliveries as otherwise allowed under s.
561.57(1).

(d) The division may issue up to eight vendor's licenses to
a distillery pursuant to this subsection.

==== D I R E C T O R Y C L A U S E A M E N D M E N T =====

And the directory clause is amended as follows:

Delete lines 52 - 53

and insert:

Section 4. Paragraphs (a) and (b) of subsection (1), paragraphs
(b) and (c) of subsection (2), and subsection (5) of section
565.03, Florida

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Delete lines 11 - 23

and insert:

"branded product" and "craft distillery"; revising the
requirements for the sale of branded products by a
licensed craft distillery to consumers; deleting a
provision that prohibits a craft distillery from
selling more than six individual containers of a



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branded product to a consumer; revising requirements relating to the shipping of distilled spirits to consumers by a craft distillery; providing that it is unlawful to transfer a distillery license, or ownership in a distillery license, for certain distilleries to certain individuals or entities; prohibiting a craft distillery from having its ownership affiliated with certain other distilleries; authorizing a craft distillery to transfer specified distilled spirits from certain locations to its souvenir gift shop; requiring a craft distillery making certain transfers of distilled spirits to submit certain excise taxes with its monthly report to the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation; amending s. 561.221, F.S.; authorizing the division to issue vendor's licenses to certain distilleries for the sale of alcoholic beverages on the licensed premises, on a seaport facility's licensed premises, or at an airport terminal; requiring that the licensed vendor premises be included on certain sketches and diagrams under certain circumstances; requiring that all revisions to a sketch or diagram be approved by the division; specifying that a distillery possessing a vendor's license is not allowed to make certain deliveries; capping the number of vendor's licenses the division is authorized to issue to a distillery; providing an



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/20/2019	.	
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The Committee on Commerce and Tourism (Brandes) recommended the following:

Senate Substitute for Amendment (605768) (with directory and title amendments)

Delete lines 70 - 123
and insert:

(b) A licensed distillery or craft distillery may ~~Persons licensed under this section who are in the business of distilling spirituous liquors may also~~ engage in the business of rectifying and blending spirituous liquors without the payment of an additional license tax.



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(c) A craft distillery licensed under this section which is not licensed as a vendor under s. 561.221 may sell to consumers under its craft distillery license, at its souvenir gift shop, up to 75,000 gallons per calendar year of branded products distilled on its premises in this state in factory-sealed containers that are filled at the distillery for off-premises consumption by consumers. Such sales are authorized only on private property owned or leased by the craft distillery which is contiguous to the craft distillery's licensed distillery premises approved by the division in this state and included on the sketch or diagram defining the licensed premises submitted with the distillery's license application. All sketch or diagram revisions by the distillery shall require the division's approval verifying that the souvenir gift shop location operated by the licensed distillery is owned or leased by the distillery and on property contiguous to the distillery's production building in this state.

1. A craft distillery may not sell under its craft distillery license any factory-sealed individual containers of spirits to consumers in this state except in face-to-face sales transactions with such consumers at the craft distillery's licensed premises. Such containers must be in compliance with the container limits in s. 565.10 ~~who are making a purchase of no more than six individual containers of each branded product.~~

~~2. Each container sold in face-to-face transactions with consumers must comply with the container limits in s. 565.10, per calendar year for the consumer's personal use and not for resale and who are present at the distillery's licensed premises in this state.~~



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40 ~~2.3.~~ A craft distillery must report to the division within
41 5 days after it reaches the production limitations provided in
42 paragraph (1)(b). Any retail sales to consumers under its craft
43 distillery license ~~at the craft distillery's licensed premises~~
44 are prohibited beginning the day after it reaches the production
45 limitation.

46 ~~3.4.~~ A craft distillery that has not been issued a vendor's
47 license under s. 561.221 may not ship or arrange to ship any of
48 its distilled spirits to consumers in this state and may sell
49 and deliver only to consumers within the state in a face-to-face
50 transaction at the distillery property. However, a craft
51 distillery ~~distiller~~ licensed under this section may ship,
52 arrange to ship, or deliver such spirits to manufacturers of
53 distilled spirits, wholesale distributors of distilled spirits,
54 state or federal bonded warehouses, ~~and~~ exporters, or consumers
55 located outside of this state; however, all such shipments must
56 comply with the laws where such products are scheduled to be
57 delivered for personal or commercial use.

58 ~~4.5.~~ Except as provided in subparagraph 6., it is unlawful
59 to transfer a distillery license for a distillery that produces
60 250,000 ~~75,000~~ or fewer gallons per calendar year of distilled
61 spirits on its premises or any ownership interest in such
62 license to an individual or entity that has a direct or indirect
63 ownership interest in any distillery licensed in this state;
64 another state, territory, or country; or by the United States
65 government to manufacture, blend, or rectify distilled spirits
66 for beverage purposes.

67 ~~5.6.~~ A craft distillery shall not have its ownership
68 affiliated with another distillery, unless such distillery



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produces 250,000 ~~75,000~~ or fewer gallons per calendar year of distilled spirits on each of its premises in this state or in another state, territory, or country.

6. A craft distillery may transfer up to 75,000 gallons per calendar year of distilled spirits that it manufactures from its federal bonded space, nonbonded space at its licensed premises, or storage areas to its souvenir gift shop.

(5) A craft distillery may transfer distilled spirits to any of its retail areas pursuant to paragraph (2)(c) or s. 561.221 and ~~making sales under paragraph (2)(c)~~ is responsible for submitting any excise taxes due to the state on distilled spirits ~~on beverages~~ under the Beverage Law with in its monthly report to the division ~~with any tax payments due to the state.~~

Section 5. Subsection (4) is added to section 561.221, Florida Statutes, to read:

561.221 Licensing of manufacturers and distributors as vendors and of vendors as manufacturers; conditions and limitations.—

(4)(a) Notwithstanding s. 561.22, s. 561.42, or any other provision of the Beverage Law, the division may issue vendor's licenses for the sale of alcoholic beverages:

1. On a distillery's licensed premises;
2. On a seaport facility's premises; or
3. At an airport terminal, as defined in s. 561.01(13),

to a distillery licensed under s. 565.03, even if such distillery is also licensed as a distributor.

(b) If the vendor's license is for the sale of alcoholic beverages on a distillery's licensed premises, the licensed



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98 vendor premises must be included on the sketch or diagram
99 defining the licensed premises submitted with the distillery's
100 license application pursuant to s. 565.03(c). All sketch or
101 diagram revisions by the distillery must be approved by the
102 division, verifying that the vendor premises operated by the
103 licensed distillery is owned or leased by the distillery and is
104 located on the licensed distillery premises.

105 (c) The division may issue up to eight vendor's licenses to
106 a distillery pursuant to this subsection.

107 (d) The division shall, upon request, issue permits to a
108 distillery to conduct tasting and sales of distilled spirits
109 produced by the distillery at fairs, trade shows, expositions,
110 and festivals in this state. The distillery shall pay all entry
111 fees and shall have a representative of the craft distillery
112 present during the event. The permit is limited to the length of
113 the event.

114
115 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

116 And the directory clause is amended as follows:

117 Delete lines 52 - 53

118 and insert:

119 Section 4. Paragraphs (a) and (b) of subsection (1),
120 paragraphs (b) and (c) of subsection (2), and subsection (5) of
121 section 565.03, Florida

122
123 ===== T I T L E A M E N D M E N T =====

124 And the title is amended as follows:

125 Delete lines 11 - 23

126 and insert:



623428

"branded product" and "craft distillery"; revising the requirements for the sale of branded products by a licensed craft distillery to consumers; deleting a provision that prohibits a craft distillery from selling more than six individual containers of a branded product to a consumer; revising requirements relating to the shipping of distilled spirits to consumers by a craft distillery; providing that it is unlawful to transfer a distillery license, or ownership in a distillery license, for certain distilleries to certain individuals or entities; prohibiting a craft distillery from having its ownership affiliated with certain other distilleries; authorizing a craft distillery to transfer specified distilled spirits from certain locations to its souvenir gift shop; requiring a craft distillery making certain transfers of distilled spirits to submit certain excise taxes with its monthly report to the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation; amending s. 561.221, F.S.; authorizing the division to issue vendor's licenses to certain distilleries for the sale of alcoholic beverages on the licensed premises, on a seaport facility's licensed premises, or at an airport terminal; requiring that the licensed vendor premises be included on certain sketches and diagrams under certain circumstances; requiring that all revisions to a sketch or diagram be approved by the division; capping the number of vendor's licenses



623428

156 the division is authorized to issue to a distillery;
157 requiring the division to issue permits to
158 distilleries for conducting tastings and sales at
159 certain events; requiring distilleries to pay entry
160 fees and to have a representative present at such
161 events; providing an

By Senator Brandes

24-00725-19

2019220__

A bill to be entitled
An act relating to the Beverage Law; repealing s.
564.05, F.S., relating to limitations on the size of
individual wine containers; repealing s. 564.055,
F.S., relating to limitations on the size of
individual cider containers; amending s. 564.09, F.S.;
revising provisions that authorize a restaurant to
allow patrons to remove partially consumed bottles of
wine from a restaurant for off-premises consumption;
amending s. 565.03, F.S.; redefining the terms
"branded product" and "craft distillery"; specifying
limitations on a craft distillery's retail sales to
consumers; deleting a provision that prohibits a craft
distillery from selling more than six individual
containers of a branded product to a consumer;
declaring that it is unlawful to transfer a distillery
license, or ownership in a distillery license, for
certain distilleries to certain individuals or
entities; prohibiting a craft distillery from having
its ownership affiliated with certain other
distilleries; authorizing a craft distillery to
transfer specified distilled spirits from certain
locations to its souvenir gift shop; providing an
effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 564.05, Florida Statutes, is repealed.

Section 2. Section 564.055, Florida Statutes, is repealed.

24-00725-19

2019220__

Section 3. Section 564.09, Florida Statutes, is amended to read:

564.09 Restaurants; off-premises consumption of wine.— Notwithstanding any other provision of law, a restaurant licensed to sell wine on the premises may permit a patron to remove one unsealed bottle of wine for consumption off the premises if the patron has purchased a ~~full-course~~ meal ~~consisting of a salad or vegetable, entree, a beverage, and bread~~ and consumed a portion of the bottle of wine ~~with such meal~~ on the restaurant premises. A partially consumed bottle of wine that is to be removed from the premises must be securely resealed by the licensee or its employees before removal from the premises. The partially consumed bottle of wine shall be placed in a bag or other container that is secured in such a manner that it is visibly apparent if the container has been subsequently opened or tampered with, and a dated receipt for the bottle of wine and ~~full-course~~ meal shall be provided by the licensee and attached to the container. If transported in a motor vehicle, the container with the resealed bottle of wine must be placed in a locked glove compartment, a locked trunk, or the area behind the last upright seat of a motor vehicle that is not equipped with a trunk.

Section 4. Paragraphs (a) and (b) of subsection (1) and paragraph (c) of subsection (2) of section 565.03, Florida Statutes, are amended to read:

565.03 License fees; manufacturers, distributors, brokers, sales agents, and importers of alcoholic beverages; vendor licenses and fees; distilleries and craft distilleries.—

(1) As used in this section, the term:

24-00725-19

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(a) "Branded product" means any distilled spirits product manufactured on site, or manufactured on site and blended on site with other distilled spirits, which requires a federal certificate and label approval by the Federal Alcohol Administration Act or federal regulations.

(b) "Craft distillery" means a licensed distillery that produces 250,000 ~~75,000~~ or fewer gallons per calendar year of distilled spirits on its premises and is designated as a craft distillery by ~~has notified~~ the division upon notification in writing of its decision to qualify as a craft distillery.

(2)

(c) A craft distillery licensed under this section may sell to consumers, at its souvenir gift shop, up to 75,000 gallons per calendar year of branded products ~~distilled on its premises in this state~~ in factory-sealed containers that are filled at the distillery for off-premises consumption. Such sales are authorized only on private property contiguous to the licensed distillery premises in this state and included on the sketch or diagram defining the licensed premises submitted with the distillery's license application. All sketch or diagram revisions by the distillery shall require the division's approval verifying that the souvenir gift shop location operated by the licensed distillery is owned or leased by the distillery and on property contiguous to the distillery's production building in this state.

1. A craft distillery may not sell any factory-sealed individual containers of spirits except in face-to-face sales transactions with consumers ~~who are making a purchase of no more than six individual containers of each branded product.~~

24-00725-19

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2. Each container sold in face-to-face transactions with consumers must comply with the container limits in s. 565.10, per calendar year for the consumer's personal use and not for resale and who are present at the distillery's licensed premises in this state.

3. A craft distillery must report to the division within 5 days after it reaches the production limitations provided in paragraph (1)(b). Any retail sales to consumers at the craft distillery's licensed premises are prohibited beginning the day after it reaches the production limitation.

4. A craft distillery may not ship or arrange to ship any of its distilled spirits to consumers and may sell and deliver only to consumers within the state in a face-to-face transaction at the distillery property. However, a craft distiller licensed under this section may ship, arrange to ship, or deliver such spirits to manufacturers of distilled spirits, wholesale distributors of distilled spirits, state or federal bonded warehouses, and exporters.

5. Except as provided in subparagraph 6., it is unlawful to transfer a distillery license for a distillery that produces 250,000 ~~75,000~~ or fewer gallons per calendar year of distilled spirits on its premises or any ownership interest in such license to an individual or entity that has a direct or indirect ownership interest in any distillery licensed in this state; another state, territory, or country; or by the United States government to manufacture, blend, or rectify distilled spirits for beverage purposes.

6. A craft distillery shall not have its ownership affiliated with another distillery, unless such distillery

24-00725-19

2019220__

117 produces 250,000 ~~75,000~~ or fewer gallons per calendar year of
118 distilled spirits on each of its premises in this state or in
119 another state, territory, or country.

120 7. A craft distillery may transfer up to 75,000 gallons per
121 calendar year of distilled spirits it manufactures from its
122 federal bonded space, nonbonded space at its licensed premises,
123 or storage areas to its souvenir gift shop.

124 Section 5. This act shall take effect July 1, 2019.

THE FLORIDA SENATE

APPEARANCE RECORD

Meeting Date Feb. 19th 2019 (Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Bill Number (if applicable) SB 220

Topic Beverage Law

Amendment Barcode (if applicable) _____

Name Richard Turner

Job Title Senior U.S. of Florida Restaurant & Lodging Assn.

Address 230 S. Adams

Phone 850 224-2250

Street

City Thalassos State FL Zip 32301

Email RTurner@HRLA.org

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Florida Restaurant & Lodging Assn.

Appearing at request of Chair: ☐ Yes ☒ No

Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

110-S

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/19/2019

220

Meeting Date

Bill Number (if applicable)

Topic Beverage Law

Amendment Barcode (if applicable)

Name Christian R. Camara -- Institute for Justice

Job Title Legislative Fellow

Address 901 N Glebe Road, Suite 900

Phone 305.721.1600

Street

Arlington

VA

22203

Email Christian@ChamberConsultantsFL.com

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Institute for Justice

Appearing at request of Chair: ☐ Yes ☒ No

Lobbyist registered with Legislature: ☒ Yes ☐ No

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Feb 19
Meeting Date

Bill Number (if applicable)

220

Topic Craft Distilleries

Amendment Barcode (if applicable)

Name Scot Ashley

Job Title President of General Counsel

Address 215 S. Monroe St. #800-A

Phone (850) 681-8700

Street

Tallah.

FL

32301

Email scott@winespirits.com

City

State

Zip

Speaking: ☐ For ☒ Against ☐ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Wine & Spirits Distillers of Florida

Appearing at request of Chair: ☐ Yes ☐ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2-19-19

Bill Number (if applicable)
6023428

Topic SB 220

Amendment Barcode (if applicable)
* on the amendment

Name Scott Neil

Job Title COO

Address 2232 5th AVE South

Phone 407 276 6789

Street

City

State

Zip

Email scott@americanfreedomdistillery.com

Speaking: ☒ For ☐ Against ☐ Information

Waive Speaking: ☐ In Support ☐ Against ☐ (The Chair will read this information into the record.)

Representing American Freedom Distillery

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date February 19, 2019

Bill Number (if applicable) 220

Topic Alcoholic Beverages

Amendment Barcode (if applicable) _____

Name Josh Ambuchon

Job Title General Counsel

Address 315 S. Calhoun

Phone 222-7000

Street

Tallahassee

FL

32301

Email _____

City

State

Zip

Speaking: ☒ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Florida Brewers Guild

Appearing at request of Chair: ☐ Yes ☐ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/14/19
Meeting Date

220
Bill Number (if applicable)

Topic Beverage Law

Amendment Barcode (if applicable)

Name Phillip Suderman

Job Title Policy Director

Address 200 W. College Ave

Phone

Tallahassee FL 32302
City State Zip

Email

Speaking: ☒ For ☐ Against ☐ Information
Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Americans for Prosperity

Appearing at request of Chair: ☐ Yes ☒ No
Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2-19-19Bill Number (if applicable) SR-220Topic Craft D.Hillman

Amendment Barcode (if applicable) _____

Name Ric deMontallanJob Title funder, Liberty BonAddress 332 Hart St.

Phone _____

City Tallahassee State FL Zip 32301Email Ric deMontallan@gmail.comSpeaking: ☒ For ☐ Against ☐ InformationWaive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)Representing SelfAppearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

02-19-19

Bill Number (if applicable)

5A 605768

Amendment Barcode (if applicable)

Topic

CRK Dis/1/ks

Name

Scott Dick

Job Title

166691st

Address

210 S. Main St.

Phone

832 421-9100

Street

1A/1A Ave

City

State

Zip

FL

32301

Email

scott.dick@fla.senate.gov

Speaking:

☐ For

☒ Against

☐ Information

Waive Speaking:

☐ In Support

☒ Against

(The Chair will read this information into the record.)

Representing

ABC Liquors

Appearing at request of Chair:

☐ Yes

☐ No

Lobbyist registered with Legislature:

☒ Yes

☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.



The Florida Senate

Committee Agenda Request

To: Senator Joe Gruters
Committee on Commerce and Tourism

Subject: Committee Agenda Request

Date: February 5, 2019

I respectfully request that **Senate Bill #220**, relating to **Beverage Law**, be placed on the:

- ☒ committee agenda at your earliest possible convenience.
- ☐ next committee agenda.

A handwritten signature in black ink, appearing to read "Jeff Brandes", written over a horizontal line.

Senator Jeff Brandes
Florida Senate, District 24

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 596

INTRODUCER: Senator Albritton

SUBJECT: Regional Rural Development Grants

DATE: February 18, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Anderson	McKay	CM	Favorable
2.			IT	
3.			AP	

I. Summary:

SB 596 makes changes to how the Regional Rural Development Grant program and the Rural Infrastructure Fund operate.

Specifically, the bill amends the Regional Rural Development Grant Program to:

- Increase the maximum annual grant amount to \$250,000 from \$150,000 that three regional economic development organizations that serve the entire region of a rural area of opportunity may receive;
- Increase the amount of funds the Department of Economic Opportunity (DEO) may expend for the program to up to \$1 million annually (from up to \$750,000 annually);
- Reduce the required match the regional economic development organizations must contribute in non-state resources from 100 percent to 25 percent of the state's contribution; and
- Allow the use of grant funds to build the professional capacity of regional economic development organizations.

The bill amends the Rural Infrastructure Fund program to:

- Increase the grant awards to 50 percent of infrastructure project costs (up from 30 percent);
- Clarify that eligible infrastructure projects include access to broadband Internet service, and projects that improve service and access must be through a partnership that was publicly noticed and competitively bid; and
- Require the DEO to review the grant program application and award procedures by September 1, 2020.

Contracts or agreements for the Regional Rural Development Grant Program or the Rural Infrastructure Fund that expend state grant funds must contain certain specific contract provisions and be posted online.

The bill has no impact on state funds. Under the bill, from the \$1.6 million recurring appropriation to the Rural Community Development Revolving Loan Fund, the DEO may

expend up to \$1 million on the Rural Development Grant Program; if the maximum amount is expended on the grant program, then \$600,000 would be available for the loan fund (up to \$250,000 less annually).

The bill takes effect July 1, 2019.

II. Present Situation:

Rural Economic Development Initiative

The Rural Economic Development Initiative (REDI) was established in 1997 by the Legislature to encourage and facilitate the location and expansion of major economic development projects of significant scale in rural communities.¹ The REDI is responsible for coordinating and focusing the efforts and resources of state and regional agencies on the problems that affect the fiscal, economic, and community viability of Florida's economically distressed rural communities.² The REDI works with local governments, community-based organizations, and private organizations that have an interest in the growth and development of these communities to find ways to balance environmental and growth management issues with local needs.

Rural Areas of Opportunity

A rural area of opportunity (RAO) is a rural community, or region of rural communities, that has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster or that presents a unique economic development opportunity of regional impact.³ By executive order, the Governor may designate up to three RAOs, establishing each region as a priority assignment for REDI agencies. The Governor can waive the criteria, requirements, or any similar provisions of any state economic development incentive for projects in a RAO.⁴

The currently designated RAOs are:⁵

- **Northwestern RAO:** Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Wakulla, and Washington counties, and the City of Freeport in Walton County.
- **South Central RAO:** DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee counties, and the cities of Pahokee, Belle Glade, South Bay (Palm Beach County), and Immokalee (Collier County).
- **North Central RAO:** Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwannee, Taylor, and Union counties.

Regional Economic Development Organizations

Three regional economic development organizations that operate in the state coincide with the current RAOs. These public/private 501(c)(6) organizations provide economic development

¹ Section 288.0656, F.S.

² Agencies required to participate in the REDI are found in s. 288.0656(6)(a), F.S.

³ Section 288.0656(1)(d), F.S.

⁴ Section 288.0656(7), F.S.

⁵ Department of Economic Opportunity, *Rural Areas of Opportunity*, available at <http://www.floridajobs.org/community-planning-and-development/rural-community-programs/rural-areas-of-opportunity> (last visited February 18, 2019).

support to the local governments that represent the RAOs. Opportunity Florida serves the Northwestern RAO.⁶ Florida's Heartland Regional Economic Development Initiative, Inc., serves the South Central RAO.⁷ The North Florida Economic Development Partnership serves the North Central RAO.⁸

Regional Rural Development Grant Program⁹

The Regional Rural Development Grant Program was established to provide funding, through matching grants, to build the professional capacity of regional economic development organizations in Florida. Additionally, grants from the program may be used by an economic development organization to provide technical assistance to businesses within the rural counties and communities that the organization serves.

To be approved, an applying organization must provide proof to the DEO of:

- The organization's need for the assistance;
- The official commitments of support from all the local governments represented by the organization;
- Financial or in-kind commitments to the organization by each local government and the private sector;
- The organization's existence and active involvement in economic development activities in the region; and
- The manner in which the organization coordinates its efforts with those of other local and state organizations.

The maximum amount any organization can receive is \$50,000, or \$150,000 in a rural area of opportunity, and the grant must be matched by an equivalent amount of non-state resources. Because the Governor can waive criteria, requirements, or any similar provisions of any state economic development incentive in RAOs, the matching requirement is likely eligible to be waived.¹⁰ The DEO may expend up to \$750,000 each fiscal year from funds appropriated to the Rural Community Development Revolving Loan Fund for the program.

Rural Infrastructure Fund¹¹

The Rural Infrastructure Fund was created to facilitate the planning, preparing, and financing of tourism infrastructure and economic development projects that encourage job growth and capital investment in rural communities. The DEO administers the fund and awards grants that maximize the use of federal, local, and private resources.

⁶ See generally, Opportunity Florida, available at <http://www.opportunityflorida.com/> (last visited February 18, 2019).

⁷ See generally, Florida's Heartland Regional Economic Development Initiative, Inc., available at <http://flaheartland.com/> (last visited February 18, 2019).

⁸ See generally, North Florida Economic Development Partnership, available at <http://nflp.org/>, (last visited February 18, 2019).

⁹ Section 288.018, F.S.

¹⁰ Section 288.0656(7) and 288.018(1), F.S.

¹¹ Section 288.0655, F.S.

There are three grants that DEO awards from this fund: the total project participation grant, the infrastructure feasibility grant, and the preclearance review grant.¹²

The total project participation grant allows for awards up to 30 percent of the total infrastructure project cost for projects related to access to federal funds, and up to 40 percent if the project is an RAO catalyst site.¹³ Eligible projects must be related to specific job creation or retention opportunities, and may include improving certain inadequate infrastructure that is prohibiting economic or community growth or reducing costs to community users of proposed infrastructure improvements that exceed costs in comparable communities. Infrastructure can include public or public-private partnership facilities, like storm water systems, roads, nature-based tourism facilities, and broadband facilities.

The infrastructure feasibility grant provides awards of up to 30 percent of the total project costs for infrastructure feasibility studies, design and engineering activities, or other infrastructure planning and preparation activities.¹⁴ Maximum awards are dependent on the number of jobs that a business commits to create and may be up to \$300,000 if the project is located in a RAO. The total project participation grant and infrastructure feasibility grant may be used in conjunction.

The preclearance review grant provides awards to help a local government participate in expedited permitting processes through technical assistance in preparing permit applications and local comprehensive plan amendments.¹⁵ Grants may be used for surveys, feasibility studies, and other activities related to the identification and preclearance review of land use modifications. Grants are limited to \$75,000 (or \$300,000 for a project in an RAO) and must be matched 50 percent with local funds (or 33 percent for a project in an RAO, or waived for a project in a catalyst site).

The DEO reviews and certifies the grant applications in consultation with Enterprise Florida, Inc., the Florida Tourism Industry Marketing Corporation (VISIT FLORIDA), the Department of Environmental Protection, and the Florida Fish and Wildlife Conservation Commission, as appropriate.

In Fiscal Year 2018-2019, the funding appropriated for the Rural Infrastructure Fund was \$2.7 million.¹⁶

Enterprise Florida, Inc.

Enterprise Florida, Inc., (EFI) serves as the principal economic development organization for the state. Among its numerous duties, EFI markets the state for business creation, expansion, and

¹² Department of Economic Opportunity, *Rural Infrastructure Fund*, available at <http://www.floridajobs.org/community-planning-and-development/rural-community-programs/rural-infrastructure-fund> (last visited February 18, 2019).

¹³ Section 288.0655(2)(b), F.S. A “catalyst site” is “a parcel or parcels of land within a rural area of opportunity that has been prioritized as a geographic site for economic development through partnerships with state, regional, and local organizations. The site must be reviewed by REDI and approved by the department for the purposes of locating a catalyst project.”
Section 288.0656(2)(b), F.S.

¹⁴ Section 288.0655(2)(c), F.S.

¹⁵ Section 288.0655(2)(e), F.S. Expedited permitting is pursuant to s. 403.973(18), F.S.

¹⁶ Specific appropriation 2245, ch. 2018-09, Laws of FLA.

retention.¹⁷ Additionally, EFI contracts with DEO to manage some of the various programs housed in the Division of Strategic Business Development, including the Regional Rural Development Grant Program.¹⁸

III. Effect of Proposed Changes:

Regional Rural Development Grant Program

Section 1 amends the Regional Rural Development Grants Program in s. 288.018, F.S., to clarify how regional economic development organizations may build their professional capacity, revise and increase the grant amount for certain organizations in RAOs, and specify certain contract requirements. It also defines a “regional economic development organization” to mean an economic development organization that is located in a rural area of opportunity, as defined in s. 288.0656, F.S.

The bill clarifies that “building the professional capacity” of a regional economic development organizations includes hiring professional staff to develop, facilitate, and provide economic development professional services. Economic development services include technical assistance, education and leadership development, and marketing and project recruitment. Grant funds under the bill may be used for these purposes.

Currently, grant funds may be used to provide technical assistance to businesses within the area that the regional economic development organization services. The bill expands the use of the grant funds to allow technical assistance to be provided to local governments, local economic development organizations, and existing and prospective businesses.

The bill increases the maximum grant amount from \$150,000 to \$250,000 specifically for each of the three regional economic development organizations recognized by the DEO. They are currently: Opportunity Florida; Florida Heartland Regional Economic Region of Opportunity; and the North Florida Economic Development Partnership. Regional economic development organizations not located in an RAO would still be eligible for a \$50,000 grant and regional economic development organizations in an RAO would still be eligible for a \$150,000 grant.

The bill reduces the required match for a grant under this program to 25 percent of the state contribution, instead of the current requirement of a 100 percent match (one to one match).

The bill increases the amount that the DEO may expend each fiscal year on the program from up to \$750,000 to up to \$1 million. These funds are from the funds appropriated to the Rural Community Development Revolving Loan Fund.

Rural Infrastructure Fund

Section 2 amends the total project participation grant of the Rural Infrastructure Fund program in s. 288.0655, F.S., to increase the amount of the total infrastructure project costs that the grant can

¹⁷ Enterprise Florida, *About EFI*, available at <https://www.enterpriseflorida.com/about-efi/>, (last visited February 18, 2019).

¹⁸ Section 288.018(3), F.S.

pay for from 30 percent to 50 percent. The bill repeals the grant award for up to 40 percent of total infrastructure project costs if the project is an RAO catalyst site.

The bill specifies that eligible projects may include improving certain inadequate infrastructure that reduces costs to community users of proposed infrastructure improvements that exceed costs in comparable communities, *including improving access to and the availability of broadband Internet service*. Further, eligible uses of funds are expanded to include “improvements to broadband Internet service and access in unserved or underserved rural communities.” Such eligible use must be conducted through a partnership or partnerships with one or more dealers of communications services,¹⁹ and the partnership must be established by a publicly noticed and competitively selected process.

The bill requires the DEO, in consultation with Enterprise Florida, Inc., VISIT FLORIDA, the Department of Environmental Protection, and the Florida Fish and Wildlife Conservation Commission, to review and edit any guidelines or criteria for grant applications by September 1, 2020.

Contracts or Agreements Under the Regional Rural Development Grant Program and the Rural Infrastructure Fund

Sections 1 and 2 amend both ss. 288.018 and 288.0655, F.S., relating to the Regional Rural Development Grant Program and the Rural Infrastructure Fund, respectively, to include the same requirements for contracts or agreements that expend grant funds.

The bill requires the contract or agreement to be posted on the contracting regional economic development organization’s or the DEO’s website for at least 14 days before execution.

A contract or agreement to expend grant funds must include:

- The purpose of the contract or agreement;
- Specific performance standards and responsibilities of all involved parties;
- A detailed budget, if applicable;
- The value of services provided; and
- Estimated travel and entertainment expenses of board members and staff, if applicable.

These required contract provisions apply to any contract or agreement that expends grant funds, but the bill specifies that this includes any contract or agreement between another entity and a regional economic development organization, a unit of local government, or an economic development organization substantially underwritten by a unit of local government.

The bill requires specific contracts or agreements that exceed \$35,000 and expend grant funds to be posted on the contracting regional economic development organization’s or the DEO’s website in a “plain language version.” This applies to a contract or agreement with a private entity, a municipality, a vendor of services, supplies, or programs (including marketing), or a contract or agreement for the purchase, lease, or use of lands, facilities, or properties.

¹⁹ A “dealer of communications services” is defined as a person registered with the Department of Revenue as a provider of communications services in this state. *See* s. 202.11, F.S.

Effective Date

The bill takes effect July 1, 2019.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill requires 25 percent of all disbursed Regional Rural Development Grant funds to be matched annually by a nonstate source, a reduction from the current 100 percent (one to one) match.

C. Government Sector Impact:

The Rural Community Development Revolving Loan Fund receives a recurring appropriation of \$1.6 million, of which up to \$750,000 is statutorily distributed to the Regional Rural Development Grant program. The bill increases the maximum grant amount that three regional economic development organizations that serve the entire region of a RAO may receive, from \$150,000 to \$250,000 annually.

The bill increases the amount that the DEO may expend each fiscal year on the program from up to \$750,000 to up to \$1 million. These funds are from the funds appropriated to

the Rural Community Development Revolving Loan Fund. From the \$1.6 million recurring appropriation to the Rural Community Development Revolving Loan Fund, if the DEO expends the maximum amount on the Rural Development Grant Program (up to \$1 million annually), then at least \$600,000 would be available for the loan fund (up to \$250,000 less annually).

The Rural Infrastructure Fund receives a recurring appropriation of \$1.6 million. Specific inclusion of certain broadband Internet infrastructure projects as eligible for the total project participation grant may increase the competition for grant funds in the Rural Infrastructure Fund. Additionally, the bill increases the amount of total infrastructure project costs for which the grant will pay from 30 percent (or 40 percent if the project is at a catalyst site in a RAO) to 50 percent for all infrastructure projects, no matter the location. This change may lead to fewer grants awarded.

The cost to regional economic development organizations (Rural Development Grant Fund) to post contracts and “plain language” versions of contracts online is unknown. SB 596 is largely similar to SB 1646 from 2018. The DEO indicated that SB 1646 would have no impact on state expenditures, and similar result would be expected for SB 596.²⁰

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 288.018, 288.0655, and 288.0656 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

²⁰ DEO, *2018 Agency Legislative Bill Analysis: SB 1646*, January 22, 2018.

By Senator Albritton

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2019596__

A bill to be entitled

An act relating to regional rural development grants; amending s. 288.018, F.S.; defining the term "regional economic development organization"; specifying that the concept of building the professional capacity of a regional economic development organization includes the hiring of professional staff to perform specified services; providing that matching grants may be used to provide technical assistance to local governments and economic development organizations and to existing and prospective businesses; specifying that a regional economic development organization that provides taxpayer-funded incentives is not eligible to participate in the matching grant program; increasing the maximum amount of annual grant funding that specified economic development organizations may receive; revising the required amount of nonstate matching funds; requiring that certain information be included in a contract or agreement involving the expenditure of grant funds; requiring that contracts or agreements involving the expenditure of grant funds, and a plain-language version of certain contracts or agreements, be placed on the contracting regional economic development organization's website for a specified period before execution; deleting an obsolete provision; increasing the amount of funds the Department of Economic Opportunity may expend each fiscal year for certain purposes; amending s. 288.0655, F.S.; increasing the maximum percentage of

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total infrastructure project costs for which the department may award a grant; deleting a provision authorizing a higher maximum percentage of total infrastructure project costs for a catalyst site; providing that improving access to and availability of broadband Internet service may be included in a project that is eligible for rural infrastructure grant funds; requiring that improvements to broadband Internet service and access be made through certain partnerships, which must be established through a competitive selection process; extending the date by which the department is required to reevaluate certain guidelines and criteria; requiring that certain information be included in a contract or agreement involving the expenditure of grant funds; requiring that contracts or agreements involving the expenditure of grant funds, and a plain-language version of certain contracts or agreements, be placed on the contracting regional economic development organization's website for a specified period before execution; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (1), (3), and (4) of section 288.018, Florida Statutes, are amended to read:

288.018 Regional Rural Development Grants Program.—

(1) (a) For the purposes of this section, a "regional economic development organization" means an economic development

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organization located in a rural area of opportunity, as defined in s. 288.0656.

(b) The department shall establish a matching grant program to provide funding to regional ~~regionally based~~ economic development organizations representing rural counties and communities to build ~~for the purpose of building~~ the professional capacity of those ~~their~~ organizations. Efforts to build the professional capacity of regional economic development organizations include the hiring of professional staff to develop, facilitate the delivery of, and directly provide needed economic development professional services, including technical assistance, education and leadership development, marketing, and project recruitment. ~~Such~~ Matching grants may also be used by a regional ~~an~~ economic development organization to provide technical assistance to local governments, local economic development organizations, and existing and prospective businesses within the rural counties and communities that it serves. A regional economic development organization that provides taxpayer-funded incentives to existing or prospective businesses is not eligible to participate in the matching grant program.

(c) A regional economic development organization may apply annually to the department for a matching grant. The department is authorized to approve an application for a grant of: ~~on an annual basis, grants~~

1. Up to \$150,000 to an organization located ~~to such regionally based economic development organizations. The maximum amount an organization may receive in any year will be \$50,000, or \$150,000~~ in a rural area of opportunity designated pursuant

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88 to s. 288.0656(7).

89 2. Up to \$250,000 to any of the three regional economic
90 development organizations that serve an entire region of a rural
91 area of opportunity designated pursuant to s. 288.0656(7) and
92 that are recognized by the department as serving such a region.

93 (d) Grant funds received by a regional economic development
94 organization ~~recommended by the Rural Economic Development~~
95 ~~Initiative and designated by the Governor, and~~ must be matched
96 each year by an ~~equivalent~~ amount of nonstate resources in an
97 amount equal to 25 percent of the state contribution.

98 (3)(a) A contract or agreement that involves the
99 expenditure of grant funds provided under this section,
100 including a contract or agreement entered into between another
101 entity and a regional economic development organization, a unit
102 of local government, or an economic development organization
103 substantially underwritten by a unit of local government, must
104 include:

105 1. The purpose of the contract or agreement.

106 2. Specific performance standards and responsibilities for
107 each entity.

108 3. A detailed project or contract budget, if applicable.

109 4. The value of any services provided.

110 5. The projected travel and entertainment expenses for
111 employees and board members, if applicable.

112 (b) At least 14 days before execution, the contracting
113 regional economic development organization shall post on its
114 website:

115 1. Any contract or agreement that involves the expenditure
116 of grant funds provided under this section.

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117 2. A plain-language version of a contract or agreement with
118 a private entity, a municipality, or a vendor of services,
119 supplies, or programs, including marketing, or for the purchase
120 or lease or use of lands, facilities, or properties which
121 involves the expenditure of grant funds provided under this
122 section and which is estimated to exceed \$35,000 ~~The department~~
123 ~~may also contract for the development of an enterprise zone web~~
124 ~~portal or websites for each enterprise zone which will be used~~
125 ~~to market the program for job creation in disadvantaged urban~~
126 ~~and rural enterprise zones. Each enterprise zone web page should~~
127 ~~include downloadable links to state forms and information, as~~
128 ~~well as local message boards that help businesses and residents~~
129 ~~receive information concerning zone boundaries, job openings,~~
130 ~~zone programs, and neighborhood improvement activities.~~

131 (4) The department may expend up to \$1 million ~~\$750,000~~
132 each fiscal year from funds appropriated to the Rural Community
133 Development Revolving Loan Fund for the purposes outlined in
134 this section. The department may contract with Enterprise
135 Florida, Inc., for the administration of the purposes specified
136 in this section. Funds released to Enterprise Florida, Inc., for
137 this purpose shall be released quarterly and shall be calculated
138 based on the applications in process.

139 Section 2. Present subsection (5) of section 288.0655,
140 Florida Statutes, is redesignated as subsection (6), paragraph
141 (b) of subsection (2) and subsection (4) of that section are
142 amended, and a new subsection (5) is added to that section, to
143 read:

144 288.0655 Rural Infrastructure Fund.—

145 (2) (b) To facilitate access of rural communities and rural

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146 areas of opportunity as defined by the Rural Economic
147 Development Initiative to infrastructure funding programs of the
148 Federal Government, such as those offered by the United States
149 Department of Agriculture and the United States Department of
150 Commerce, and state programs, including those offered by Rural
151 Economic Development Initiative agencies, and to facilitate
152 local government or private infrastructure funding efforts, the
153 department may award grants for up to 50 ~~30~~ percent of the total
154 infrastructure project cost. ~~If an application for funding is~~
155 ~~for a catalyst site, as defined in s. 288.0656, the department~~
156 ~~may award grants for up to 40 percent of the total~~
157 ~~infrastructure project cost.~~ Eligible projects must be related
158 to specific job-creation or job-retention opportunities.
159 Eligible projects may also include improving any inadequate
160 infrastructure that has resulted in regulatory action that
161 prohibits economic or community growth or reducing the costs to
162 community users of proposed infrastructure improvements that
163 exceed such costs in comparable communities, including the costs
164 associated with improving access to and the availability of
165 broadband Internet service. Eligible uses of funds shall include
166 improvements to public infrastructure for industrial or
167 commercial sites, and upgrades to or development of public
168 tourism infrastructure, and improvements to broadband Internet
169 service and access in unserved or underserved rural communities.
170 Improvements to broadband Internet service and access must be
171 made in partnership with one or more dealers of communications
172 services as defined in s. 202.11(2), and any such partnership
173 must be established by a publicly noticed competitive selection
174 process. Authorized infrastructure may include the following

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public or public-private partnership facilities: storm water systems; telecommunications facilities; broadband facilities; roads or other remedies to transportation impediments; nature-based tourism facilities; or other physical requirements necessary to facilitate tourism, trade, and economic development activities in the community. Authorized infrastructure may also include publicly or privately owned self-powered nature-based tourism facilities, publicly owned telecommunications facilities, and broadband facilities, and additions to the distribution facilities of the existing natural gas utility as defined in s. 366.04(3)(c), the existing electric utility as defined in s. 366.02, or the existing water or wastewater utility as defined in s. 367.021(12), or any other existing water or wastewater facility, which owns a gas or electric distribution system or a water or wastewater system in this state where:

1. A contribution-in-aid of construction is required to serve public or public-private partnership facilities under the tariffs of any natural gas, electric, water, or wastewater utility as defined herein; and

2. Such utilities as defined herein are willing and able to provide such service.

(4) By September 1, 2020 ~~2012~~, the department shall, in consultation with the organizations listed in subsection (3), and other organizations, reevaluate existing guidelines and criteria governing submission of applications for funding, review and evaluation of such applications, and approval of funding under this section. The department shall consider factors including, but not limited to, the project's potential

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for enhanced job creation or increased capital investment, the demonstration and level of local public and private commitment, whether the project is located ~~in an enterprise zone,~~ in a community development corporation service area, or in an urban high-crime area as designated under s. 212.097, the unemployment rate of the county in which the project would be located, and the poverty rate of the community.

(5) (a) A contract or agreement that includes the expenditure of grant funds provided under this section, including a contract or agreement entered into between an entity and a regional economic development organization, a unit of local government, or an economic development organization substantially underwritten by a unit of local government, must include:

1. The purpose of the contract or agreement.
2. Specific performance standards and responsibilities for each entity.
3. A detailed project or contract budget, if applicable.
4. The value of any services provided.
5. The projected travel and entertainment expenses for employees and board members, if applicable.

(b) At least 14 days before execution, the contracting regional economic development organization shall post on its website:

1. Any contract or agreement that involves the expenditure of grant funds provided under this section.
2. A plain-language version of a contract or agreement with a private entity, a municipality, or a vendor of services, supplies, or programs, including marketing, or for the purchase

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233 or lease or use of lands, facilities, or properties which
234 involves the expenditure of grant funds provided under this
235 section and which is estimated to exceed \$35,000.

236 Section 3. This act shall take effect July 1, 2019.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/14

Bill Number (if applicable) 596

Topic Regional Rural Development Grants

Amendment Barcode (if applicable) 220

Name Phillip Suderman

Job Title Policy Director

Address 200 W. College Ave.

Phone _____

Street

Tallahassee

FL

32301

Email _____

City

State

Zip

Speaking: ☐ For ☒ Against ☐ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Americans for Prosperity

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

2-19-19

Bill Number (if applicable)

596

Amendment Barcode (if applicable)

Topic

Rural Regrowth Act SB 596

Name

Chris Doolin

Job Title

Consultant

Address

Street

1118 B Thomassville Rd.
Jacksboro, Ga 32308

Phone

850-508-5492

Email

City

State

Zip

Speaking:

☐ For

☐ Against

☐ Information

Waive Speaking:

☒ In Support

☐ Against

(The Chair will read this information into the record.)

Representing

Small County Coalition

Appearing at request of Chair:

☐ Yes

☐ No

Lobbyist registered with Legislature:

☒ Yes

☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/19

Bill Number (if applicable) 596

Topic Rural Development Grants

Amendment Barcode (if applicable) _____

Name Brewster Bevis

Job Title Senior Vice President

Address 516 W Adams St

Phone 224-7173

Street TC 14 City EC State 32341 Zip

Email bevis@paif.com

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Associated Industries of Florida

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

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2/19/2019

Meeting Date

Bill Number (if applicable)

Topic SB 596

Amendment Barcode (if applicable)

Name Kim McDougal

Job Title Senior Director Government Affairs, GrayRobinson

Address 301 S. Bronough St

Street

Tallahassee

Fl

32301

Phone 850-577-9090

City

State

Zip

Speaking: ☒ For ☐ Against ☐ InformationWaive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Florida Association of Counties

Appearing at request of Chair: ☐ Yes ☒ NoLobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

2/19/2019

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

SB596

Meeting Date

Bill Number (if applicable)

Topic Regional Rural Development Grants

Amendment Barcode (if applicable)

Name Richard Williams

Job Title Executive Director

Address 4636 Highway 90, Suite K

Phone 850-633-2732

Street

Marianna

FL

32446

City

State

Zip

Email richardw@opportunityflorida.com

Speaking: ☒ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Opportunity Florida

Appearing at request of Chair: ☐ Yes ☒ No

Lobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/19/2019

SB596

Meeting Date

Bill Number (if applicable)

Topic Regional Rural Development Grants

Amendment Barcode (if applicable)

Name Richard Williams

Job Title Executive Director

Address 4636 Highway 90, Suite K

Phone 850-633-2732

Street

Marianna

Fl

32446

Email richardw@opportunityflorida.com

City

State

Zip

Speaking: ☒ For ☐ Against ☐ InformationWaive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Opportunity Florida

Appearing at request of Chair: ☐ Yes ☒ NoLobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/19/2019

SB596

Meeting Date

Bill Number (if applicable)

Topic Regional Rural Development Grants

Amendment Barcode (if applicable)

Name Richard Williams

Job Title Executive Director

Address 4636 Highway 90, Suite K

Phone 850-633-2732

Street

Marianna

FL

32446

Email richardw@opportunityflorida.com

City

State

Zip

Speaking: ☒ For ☐ Against ☐ InformationWaive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Opportunity Florida

Appearing at request of Chair: ☐ Yes ☒ NoLobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/2019

Bill Number (if applicable) SB 596

Topic Rural Regional Development Grant

Amendment Barcode (if applicable) _____

Name Darryl Register

Job Title Executive Director

Address 205 Macleamy Ave

Phone 904-226-4780

City Macleamy State FL Zip 32063

Email dregister@bakerchamber.com

Speaking: ☒ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Baker County Chamber of Commerce

Appearing at request of Chair: ☐ Yes ☐ No

Lobbyist registered with Legislature: ☐ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/19/2019
Meeting Date

SB 596
Bill Number (if applicable)

Topic _____

Amendment Barcode (if applicable) _____

Name Tiffany Wilson Garing

Job Title Executive Director, Jackson County Chamber of Commerce

Address 4318 Lafayette St

Phone 850 482 8060

Street Marianna State FL Zip 32446

Email tiffany@jacksoncounty.com

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Jackson County Chamber of Commerce / Opportunity Florida

Appearing at request of Chair: ☐ Yes ☐ No Lobbyist registered with Legislature: ☐ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/19

Bill Number (if applicable) 596

Topic Rural Regional Development Grant

Amendment Barcode (if applicable) _____

Name Jeff Bondy

Job Title Executive Director, North Florida Economic Development Partnership

Address 3540 Clifton Drive

Phone (850) 443-7103

Street

City

State

Zip

Tallahassee

FL

32309

Email

jbondy@nfcg-partnership.org

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing NFEDP

Appearing at request of Chair: ☐ Yes ☒ No

Lobbyist registered with Legislature: ☐ Yes ☒ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

2/19/19

Bill Number (if applicable)

596

Amendment Barcode (if applicable)

Topic

Rural Economic Development Summit

Name

Beth Cicchetti

Job Title

Executive Director

Address

3551 Blainstone Rd Ste 105-138

Phone

850 212 1056

Street

Tallahassee FL

32301

Email

bkrinkland@flaonline.org

City

State

Zip

Speaking:

☒ For

☐ Against

☐ Information

☐ Waive Speaking:

☒ In Support

☐ Against

(The Chair will read this information into the record.)

Representing

FL Economic Development Council

Appearing at request of Chair:

☐ Yes

☒ No

Lobbyist registered with Legislature:

☒ Yes

☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Bill Number (if applicable)

Topic

Rural Development Grants

Amendment Barcode (if applicable)

Name

Cecilyn Johnson

Job Title

Rural Director

Address

130 S Broadway St
Tallahassee FL 32301

Phone

521-1200

Email

cjohnson@flhcr.com

City

State

Zip

Speaking:

☐

For

☐

Against

☐

Information

Waive Speaking:

☒

In Support

☐

Against

(The Chair will read this information into the record.)

Representing

FL member of commerce

Appearing at request of Chair:

☐

Yes

☒

No

Lobbyist registered with Legislature:

☒

Yes

☐

No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.



The Florida Senate

Committee Agenda Request

To: Senator Joseph Gruters, Chair
Committee on Commerce and Tourism

Subject: Committee Agenda Request

Date: February 8, 2019

I respectfully request that **Senate Bill #596**, relating to Regional Rural Development Grants, be placed on the:

- ☒ committee agenda at your earliest possible convenience.
- ☐ next committee agenda.

Senator Ben Albritton
Florida Senate, District 26

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: CS/SB 526

INTRODUCER: Committee on Commerce and Tourism and Senator Gruters

SUBJECT: Entertainment Industry

DATE: February 19, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harmsen	McKay	CM	Fav/CS
2.			IT	
3.			AP	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 526 creates the Film, Television, and Digital Media Targeted Grant Program to encourage economic development related to the production of film, television, and digital media in Florida. The Program offers grants to certified film, television, and digital media projects that, among other requirements, employ Florida residents and spend at least 70 percent of their production days in Florida. A certified project may only receive a grant after it has completed production, and its expenditures have been verified by the Office of Film and Entertainment (Office).

The Program is subject to legislative appropriation, but there is currently no appropriation of state funds in the bill.

The bill takes effect upon becoming law.

II. Present Situation:

The Office within the Department of Economic Opportunity (Department) develops, markets, promotes, and provides services to Florida's entertainment industry.¹ Additionally, the Office administers two economic incentive programs that are available to film, television, digital

¹ Section 288.1251, F.S. *See also*, Florida Office of Film and Entertainment, *Fiscal Year 2017-2018 Annual Report*, 3 (Nov. 1, 2018), available at https://filminflorida.com/wp-content/uploads/2018/11/Office-of-Film-and-Entertainment-Annual-Report-FY-2017-2018_FINAL.pdf (last visited Feb. 19, 2019).

production, and other similar projects that are produced in Florida: a tax credit incentive, and a tax exemption.

Entertainment Industry Financial Incentive Program

In 2003, the Legislature created the Entertainment Industry Financial Incentive Program (incentive program). Originally, the incentive program offered a reimbursement for qualified expenditures relating to entertainment industry productions in Florida.^{2,3} In its most recent iteration (from July 1, 2010 to June 30, 2016),⁴ the incentive program provided transferrable tax credits for qualified wage, equipment, rental, and other expenditures made to Florida vendors for qualified entertainment industry productions.⁵ A qualified production was defined as a motion picture, commercial, music video, industrial or educational film, infomercial, documentary film, television series, or digital media project. Those qualified productions that successfully completed their project and had their expenses verified by the Office could receive up to 30 percent of their qualified expenditures, or \$8 million, in tax credits—whichever is less.⁶ Recipients were permitted to apply their tax credits to their corporate income taxes, sales taxes, or both; alternately, the recipients could sell their tax credits on the market or back to the state at a reduced rate.⁷

During its 6-year lifetime, the tax credit incentive program was allocated \$296 million.⁸ The Office reports that it awarded \$288 million in tax credits to 299 certified productions by the end of the incentive program.⁹

The Entertainment Industry Sales Tax Exemption Program

The Entertainment Industry Sales Tax Exemption (tax emption program) offers tax exemption certificates to companies that create qualified productions in Florida.¹⁰ This tax exemption program currently offers several exemptions from taxes under ch. 212, F.S., for the following:

- *Lease or rental of real property* that is used as an integral part of an activity or service performed directly in connection with the production of a qualified motion picture (“activity or service” includes photography, casting, location scouting, and set design);¹¹
- *Fabrication labor* when a producer uses his or her own equipment and personnel to produce a qualified motion picture;¹²

² Chapter 2003-81, Laws of Fla.

³ The reimbursement incentive program was subject to annual appropriation as follows: in FY 2004-2005, \$2.45 million; FY 2005-2006, \$10 million; FY 2006-2007, \$20 million; FY 2007-2008, \$25 million; FY 2008-2009, \$5 million; FY 2009-2010, \$10.8 million. Florida EDR, *Return on Investment for the Entertainment Industry Incentives Programs*, 4-5 (Jan. 1, 2018), available at, <http://edr.state.fl.us/content/returnoninvestment/EntertainmentIndustryIncentivePrograms2018.pdf> (last visited Feb. 19, 2019).

⁴ Section 288.1254(7), F.S. In 2012, the Legislature added an additional year to the program. See s. 15, ch. 2012-32, L.O.F.

⁵ Chapter 2010-147, L.O.F. See also, s. 288.1254, F.S.

⁶ Section 288.1254(4), F.S.

⁷ Sections 288.1254(5)-(6), F.S. See also, Florida EDR, *supra* note 3.

⁸ Section 288.1254(7), F.S.

⁹ Florida Office of Film and Entertainment, *supra* note 1, at 5.

¹⁰ Section 288.1258, F.S.

¹¹ Section 212.031(1)(a)9., F.S.

¹² Section 212.06(1)(b), F.S., provides a definition of the term “qualified motion picture” for purposes of ch. 212, F.S.

- *Purchase or lease of motion picture and video equipment and sound recording equipment used in Florida for motion picture or television production or for the production of master tapes or master records;*¹³ and
- *Sale, lease, storage, or use of blank master tapes, records, films, and video tapes.*¹⁴

To qualify for these tax exemptions, a company must submit an application to the Department of Revenue (DOR). This application must be approved by the Office.¹⁵ The Office approved 954 applications for the tax exemption program during Fiscal Year 2017-2018.¹⁶ Purchases under this tax exemption program are not subject to verification, but may be subject to audit by the DOR.

Other Film Incentives

*Florida Local Incentive Programs*¹⁷

Several of Florida's local governments offer production incentives.

- Miami-Dade County grants up to \$100,000 to productions that spend at least \$1 million in Miami-Dade, if at least 70 percent of the production takes place within the county.¹⁸
- Hillsborough County offers a 10 percent rebate for companies that spend at least \$100,000 on production in the county.¹⁹
- Jacksonville offers incentives ranging from 5 to 15 percent of a production's qualified expenditures; a production must spend at least \$500,000 to qualify.²⁰

*Other State's Programs*²¹

The popularity of entertainment industry incentives has decreased in state legislatures. In 2009, 44 states offered some form of entertainment industry incentive, but in 2018, only 31 states did so.²² However, Georgia bucks this trend; it continues to fund its film tax credit program at the level of demand by placing no cap on their program.²³ North Carolina reversed its 2014 decision

¹³ Section 212.08(5)(f), F.S.

¹⁴ Section 212.08(12), F.S.

¹⁵ Section 288.1258(2), F.S.

¹⁶ Florida Office of Film and Entertainment, *supra* note 1, at 8.

¹⁷ See, Florida EDR, *supra* note 3, at 6-7.

¹⁸ Johnny Diaz, *Lights, Camera, Incentives! South Florida Looks to New Programs to Draw TV, Film Productions*, The Orlando Sun Sentinel, Nov. 30, 2017, available at <https://www.sun-sentinel.com/features/fl-fea-movie-productions-returning-to-south-florida-20171114-story.html> (last visited Feb. 18, 2019). See also, FilMiami, *Incentives*, <http://www.filmiami.org/incentives.asp> (last visited Feb. 19, 2019).

¹⁹ Paul Guzzo, *Hillsborough's Film Incentive has Attracted \$1.7 Million in Local Spending, Audits Show*, The Tampa Bay Times, May 28, 2018, available at https://www.tampabay.com/news/business/Hillsborough-s-film-incentive-has-attracted-1-17-million-in-local-spending-audits-show_168536945 (last visited Feb. 19, 2019).

²⁰ City of Jacksonville, *Jacksonville Film & TV Job & Business Creation Incentive Program*, <http://www.coj.net/departments/sports-and-entertainment/film-and-television/job-business-creation-incentive-program> (last visited Feb. 18, 2019).

²¹ See, e.g., *Florida Tax Watch, Is the Sun Setting on Film in Florida: An Analysis of the State's Film and Television Industry*, 4-6, 15 (Nov. 2018), available at <https://floridataxwatch.org/Research/Full-Library/ArtMID/34407/ArticleID/18645/Is-the-Sun-Setting-on-Film-in-Florida> (last visited Feb. 19, 2019).

²² National Conference of State Legislatures, *State Film Production Incentives and Programs* (Feb. 5, 2018), <http://www.ncsl.org/research/fiscal-policy/state-film-production-incentives-and-programs.aspx> (last visited Feb. 19, 2019).

²³ Georgia offers a 20 percent tax credit for productions that spend \$500,000 or more in the state, with an additional 10 percent tax credit if the project includes a Georgia promotional logo on its project. Georgia Dep't. of Economic

to eliminate film tax credits, and offered \$34 million in available incentives for productions made in its state in 2017.²⁴

III. Effect of Proposed Changes:

The bill creates the Film, Television, and Digital Media Targeted Grant Program (grant program) within the Department, to be supervised by the Commissioner of Film and Entertainment (Commissioner). The grant program gives grants to certified projects that engage in film, television, and digital media production in the state in order to expand the industry's impact on, and encourage more family-friendly productions in, Florida. After production has completed, each certified project is eligible to receive a grant for up to 23 percent of its qualified expenditures, or \$2 million, whichever is less. A project's qualified expenditures must be verified by the Office before the project may receive its grant payment and any such payment is subject to claw back if received as a result of fraudulent information.

General Project Requirements

A proposed project is eligible for a grant under the grant program if it:

- Is a film, television, or digital media project that is not obscene, as defined in s. 847.001, F.S., or pornographic;
- Has a proposed budget of qualified expenditures of at least;
 - \$1.5 million for a film project;
 - \$500,000 per episode for a television series;
 - \$1 million for a television pilot; or
 - \$1.5 million for a digital media project
- Projects to employ a crew, excluding extras, made up of at least 60 percent Florida residents, and at least one military veteran;
- Proposes to spend at least 70 percent of its total production days in Florida;
- Does not use both the Florida entertainment sales tax exemption, established under s. 288.1258, F.S., and a grant available under the grant program;
- Makes a good faith effort to use existing Florida providers of infrastructure or equipment, including providers of gear, grip and lighting equipment, vehicles, and postproduction services and to employ a cast and crew who are Florida residents;
- Agrees to include marketing that promotes Florida tourism or Florida's film and entertainment industry on its project, e.g., a "Filmed in Florida" logo, local film office logo, or other statement that has been approved by the Commissioner;
- Permits the Commissioner or an affiliate to visit the project's production site, along with at least two guests; and
- Provides at least five photos of the production to the Commissioner for use in promoting Florida as a film, television, or digital media production location, or a tourist destination.

Development, *Incentives and Applications*, <https://www.georgia.org/industries/film-entertainment/georgia-film-tv-production/production-incentives> (last visited Feb. 19, 2019).

²⁴ North Carolina Film Office, *Legislation*, <https://www.filmnc.com/new-25-tax-credit.html> (last visited Feb. 19, 2019). Richard Craver, *Revived N.C. Film Grant Program Lacking Takers Despite \$65 Million in Funding*, The Winston-Sale Journal, Mar. 11, 2018, available at https://www.journalnow.com/business/business_news/local/revived-n-c-film-grant-program-lacking-takers-despite-million/article_489bffb9-84ec-56be-af01-44153facba8d.html (last visited Feb. 19, 2019).

Grant Advisory Board

The bill creates the Grant Advisory Board (Board) within the Office. The Board must:

- Be formed and operate subject to the requirements of s. 20.052, F.S.;
- Consist of seven members who are currently members of the Florida Film and Entertainment Advisory Council,²⁵ three of whom were appointed by the Governor, two of whom were appointed by the President of the Senate, and two of whom were appointed by the Speaker of the House of Representatives;
- Assist the Commissioner with his or her determination of qualified projects, based on specific criteria as applied to timely received applications (see scoring criteria, discussed *infra*).

Application and Approval Process

To become a qualified project that is eligible to receive a grant under the grant program, an applicant must submit an application to the Office. The Commissioner and Board review the application, assign a score, and ultimately make a determination to certify or reject the project. This process is discussed in detail below.

Application

To qualify for the grant program, a film, television, or digital media project must submit an application that outlines the project's:

- Proof of funding;
- Employment information, including how many Florida residents it intends to employ;
- Line-item budget of planned qualified expenditures;
- Distribution plan for use in estimating the project's potential economic impact in Florida;
- Expected total expenditures in Florida—both qualified and non-qualified—including a specific amount for wages to be paid to Florida residents;
- Final script, production schedule, Day out of Days report, and list of expected shooting locations, if the project is a film or television pilot project;
- Scripts for two episodes, production schedule, Day out of Days report, and list of expected shooting locations, if the project is a television project;
- Detailed game design document, if the project is a digital media project;
- A signed affirmation that the information included in the application is correct; and
- Florida tax identification number.

An application may submit one application per application window. The Commissioner will determine the start date for both application windows, but the windows must end on or before the fifth business day after July 1, and the fifth business day after January 1, respectively. The proposed project must begin production within 6 months after the first day of the application window during which the application was submitted.

²⁵ See, s. 288.1252, F.S.

Scoring Criteria

The Board and Commissioner, with input from other persons must develop a priority order and scoring system (scoring system) to apply to the applicants as part of the determination for certification for the grant program. The system must include consideration of the project's:

- Overall qualified expenditures;
- Employment of Florida residents, including their wages paid, benefits provided, and duration of employment;
- Full-time-equivalent jobs created;
- Economic impact on direct and indirect tourism based on its distribution plans;
- Production in an underutilized county;
- Status as a family friendly project, defined as a project that has cross-generational appeal, is appropriate in theme, content, and language for a broad audience, embodies a responsible resolution of issues, and does not contain smoking, illicit drug use, sex, nudity, gratuitous violence, or vulgar or profane language;
- Employment of a Florida resident as a writer, producer, or star;
- Employment of Florida film school graduates;
- Employment of veterans who are also residents of Florida;
- Use of a Florida film, television, or digital media school to assist with its production; and
- Leadership team's track record.

The Commissioner and Board may use any other criteria they determine important, but they must be outlined as part of the scoring system before the first application window opens. Specifically, the highest scores must apply to the projects determined to provide the best economic impact and return on investment to Florida.

Review

Within a reasonable time after the application window's last day, the Commissioner must complete a review of the eligible applications and submit an informational package detailing those applicants to the Board. The review and report must detail the applicant's:

- Eligibility for the grant program;
- Maximum grant award;
- Status as a family friendly project;
- Proposed use, if any, of an underutilized county for its production location; and
- Corporate residency.

The Commissioner may contact an applicant and otherwise gather additional information necessary to ensure the completeness of his or her report.

Simultaneous with delivery of his or her report to the Board, the Commissioner must give notice of the date and time on which the Board must meet to determine a score for each application's project based on its scoring system. Within 10 days of this first meeting, the Board must make a recommendation for certification or rejection of each application to the Commissioner.

The Commissioner makes the final determination to certify or reject an application.

Award of Grants and Verification of Expenditures

The grant award starts at 20 percent of a project's verified qualified expenditures; a project may earn one additional 3 percent bonus if either 75 percent of its production will occur in an underutilized county,²⁶ or its content is family friendly. Therefore, a project's grant award is capped at 23 percent of its qualified expenditures, or \$2 million—whichever is less.

A qualified expenditure is a preproduction, production, or postproduction expenditure made by a qualified project in Florida for:

- Goods rented or leased from, or services provided by, a Florida vendor that is registered with the Department of State or the DOR, has a physical address in Florida, and employs one or more Florida residents in a full-time capacity;
- Salaries or wages, including benefits such as pension or healthcare payments, paid to Florida residents, up to \$200,000 per resident; and
- Expenditures for car, truck, or trailer rental, if the vehicle is registered with the Department of Highway Safety and Motor Vehicles.

Qualified expenditures exclude internet transactions; costs associated with the project's development, marketing or distribution; and purchases made before the project qualified for the grant program.

Award

Within a timely manner after the last day of the relevant application window, the Commissioner must make a determination to certify or reject each applicant and send a notice of the decision to each applicant. If a project is certified, the Commissioner must include in the notice the project's maximum grant amount and the specific percent of qualified expenditures for which the project is eligible.

The Commissioner must also give the Department a list of certified projects and their maximum grant amounts. Based on this notice, the Department must set aside enough money to fund the grants. However, the number of grants awarded in the first application window is limited because the Department may only set aside up to 60 percent of the fiscal year appropriation or rolled-over grant funds for those applications. Any grant funds that are not set aside for the first application window roll over to be applied to the second application window. The Department cannot accept additional applications for the grant program if all of its grant funds are allocated to other projects. Additional applications may be processed after the grant program receives additional funds. Any grant fund that is allocated but not awarded to a certified project by the end of a fiscal year rolls over to the next fiscal year.

Verification

A certified project may not collect its grant until it has completed its production and its qualified expenditures have been verified by the Commissioner. The Commissioner must develop policies and procedures to implement this process, which must require all of the following:

²⁶ An underutilized county is defined in the bill as any county in Florida that is not Broward County, Miami-Dade County, Orange County, or Seminole County.

- Submission by the Project within 120 days after making its final qualified expenditure, but no later than 1 year after its production start date, of:
 - Data that substantiates each qualified expenditure, which has been audited by an independent certified public account (CPA) who is licensed in Florida;
 - Documents that verify the Florida residency of the persons represented as such on the Project's application;
 - The project's final script;
 - The project's most recent production board and shooting schedule;
 - The project's most recent credit list, which shows the required marketing logo or other approved statement;
 - The project's cast list and final crew list with contact information; and
 - Verification that at least one person employed by the project is a veteran of the United States Armed Forces.
- An affidavit or written declaration signed under the penalty of perjury by the qualified project that states that all of the salaries, wages, and other compensation submitted as a qualified expenditure to the Office comply with the requirements of the grant program; and
- A compliance audit, to be conducted by an independent CPA at the project's expense, to prove each qualified expenditure and a report of the audit's findings, including substantiating data. The audit and report must be submitted to the Commissioner within a reasonable amount of time after the Commissioner's initial receipt of records from the project.

The Commissioner must report the Project's actual qualified expenditures and the amount of grant due to the Project to the Department. The Department then must approve the project's final grant amount, and issue the grant within a reasonable amount of time.

Disqualification and Reimbursement of Awards

Disqualification

A certified project may be disqualified from the grant program if it:

- Does not begin principal photography within 30 days before, or 90 days after the production start date listed on the project's application;
- Fails to abide by the policies, procedures, deadlines, or requirements of the grant program's verification process;
- Changes the project's production start date without also providing notice of the change to the Commissioner; or
- Submits fraudulent information.

In addition to disqualification, an applicant that submits fraudulent information is subject to repayment of costs and fees associated with the Department's investigation and prosecution of the project's fraudulent statements, reimbursement of any grant awards, and civil and penalties.

Miscellaneous

The Commissioner is granted rulemaking authority to administer the grant program.

The Department is required to deduct .5 percent of the project's total grant amount to offset its costs.

The Commissioner must provide an annual report to the Governor, President of the Senate, and Speaker of the House of Representatives by November 1 of each year. The report must identify the grant program's return on investment and resulting economic benefits from the previous fiscal year.

The grant program expires on June 30, 2022. Any funds that were appropriated to the grant program that have not been earmarked and set aside for qualified projects revert to the General Revenue Fund at the grant program's expiration. All remaining funds revert to the General Revenue Fund by October 31, 2023.

The bill takes effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

It is unclear whether the .5 percent deduction from the project's total grant award for the purpose of offsetting the Department's cost of review constitutes a fee increase.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not yet determined the fiscal impact of the bill.

B. Private Sector Impact:

Qualified film, television, or digital media projects that make qualified expenditures under the grant program may have their expenses offset by a grant from the grant program at the culmination of the project. Because qualified expenditures are required, to

a certain extent, to be made to Florida vendors, businesses, and residents, these parties may see a positive financial impact. However, this impact depends on the availability of funds to the grant program.

C. Government Sector Impact:

The Department may incur additional administrative costs as a result of creating and administering the grant program. However, the bill does not provide an appropriation of state funds.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates an unnumbered section of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Commerce and Tourism on February 19, 2019:

- Increases the base grant award from 15 to 20 percent of a certified project's verified qualified expenditures (permitting a total grant award of up to 23 percent, including one possible bonus);
- Makes development, marketing, and distribution costs ineligible for a grant under the grant program;
- Requires a proposed project to spend 70 percent of its total production days in the state, replacing the requirement that the project spend 60 percent of its total budget in Florida;
- Requires a project to hire at least one veteran;
- Clarifies that projects cannot use both the grant program and the entertainment sales tax exemption;
- Permits applicants to submit one application per application window, replacing the original limit of one application per fiscal year;
- Grants the Office discretion to determine certain timeframes for the grant program's application, review, and verification processes;
- Makes technical and conforming changes throughout; and
- Extends the grant program's expiration to June 30, 2022, and the reversion of funds to General Revenue to October 31, 2023.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
02/19/2019	.	
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	.	

The Committee on Commerce and Tourism (Gruters) recommended the following:

Senate Amendment (with title amendment)

Delete lines 81 - 476
and insert:

(b) "Certified project" means a qualified project that has been evaluated by the board, determined by the commissioner to meet or exceed the desired economic impact and other criteria of the program, and has grant funds allocated to it based on the project's estimated qualified expenditures.

(c) "Commissioner" means the Commissioner of Film and



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Entertainment as described in s. 288.1251(1)(b), Florida Statutes.

(d) "Department" means the Department of Economic Opportunity.

(e) "Digital media project" means a commercial video game, including an educational video game, which includes at least 30 minutes of game play time. The term does not include a project that may be considered obscene, as defined in s. 847.001, Florida Statutes.

(f) "Family friendly" means having cross-generational appeal; being appropriate in theme, content, and language for a broad family audience; embodying a responsible resolution of issues; and not containing any act of smoking, illicit drug use, sex, nudity, gratuitous violence, or vulgar or profane language.

(g) "Film project" means a theatrical, direct-to-video, television, cable, Internet, streaming service, or animated narrative motion picture at least 75 minutes in length. The term does not include a project deemed by the office to have content that is obscene, as defined in s. 847.001, Florida Statutes.

(h) "Florida resident" means a person who has a valid Florida driver license or Florida identification card issued under s. 322.051, Florida Statutes, and has signed an affidavit confirming residency.

(i) "Office" means the Office of Film and Entertainment within the department.

(j) "Principal photography" means, for a film project or television project, the filming of major or significant components of the project which involve lead actors, or, for a digital media project, the period of time during which the work



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of the majority of the crew is dedicated solely to the project.

(k) "Production start date" means:

1. For film and television projects, the start date of principal photography, as listed in the project's application.

2. For digital media projects, the start date of storyboards or a later date as specified in the project's application.

(l)1. "Qualified expenditures" means expenditures made solely for preproduction, production, or postproduction of a qualified project which are incurred in this state for any of the following:

a. Rented or leased goods or services provided by a vendor or supplier in this state which is registered with the Department of State or the Department of Revenue; which has a physical address in this state, not including a post office box; and which employs one or more Florida residents on a full-time basis. The term does not include rebilled goods or services provided by an in-state company from out-of-state vendors or suppliers. When services provided by the vendor or supplier include personal services or labor, only personal services or labor provided by Florida residents qualifies.

b. Payments to Florida residents in the form of salary or wages up to a maximum of \$200,000 per resident, including amounts paid through payroll service companies, and benefits such as pension, health, and welfare payments for technical and production crews, directors, producers, and performers. For purposes of this sub-subparagraph, payments do not include wages for executives, legal staff, or other corporate staff who are not employed to work solely on the project.



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2. "Qualified expenditures" includes expenditures for renting cars, trucks, and trailers if such car, truck, or trailer is registered with the Department of Highway Safety and Motor Vehicles.

3. "Qualified expenditures" does not include expenditures not expressly identified in subparagraphs 1. or 2., expenditures made before qualification for the program, expenditures made via Internet transactions, or any costs associated with development, marketing, or distribution.

For the purposes of a digital media project, the term includes only those qualified expenditures made within 9 months after the project's first qualified expenditure.

(m) "Qualified project" means a film project, television project, or digital media project for which a complete application for the program has been submitted to the commissioner and accepted for consideration by the board. The term does not include a weather or market program; a sporting event or a sporting event broadcast; a gala; an awards show; a production that solicits funds; a home shopping program; a political program; a documentary; a gambling-related project or production; a concert production; a news or current events show; a sports or sports recap show; a pornographic production; or any production deemed obscene under chapter 847, Florida Statutes.

(n) "Television project" means a television pilot program or a television series that:

1. Is a scripted drama, comedy, or animation;
2. Has a runtime of at least 30 minutes but not more than 60 minutes; and



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3. If the television project is a television series, has a minimum of seven episodes.

The term does not include a project deemed by the office to have content that is obscene, as defined in s. 847.001, Florida Statutes.

(o) "Underutilized area" means any county in this state other than Broward County, Miami-Dade County, Orange County, or Seminole County.

(3) GRANT ELIGIBILITY.—

(a) To be eligible for a grant, an applicant must be producing a project that:

1. Has projected qualified expenditures of:

a. For a film project, at least \$1.5 million;

b. For a television series, at least \$500,000 per episode;

c. For a television pilot, at least \$1 million; or

d. For a digital media project, at least \$1.5 million;

2. Is projected to employ a crew, including cast and stand-ins, but not including extras, also known as background performers, of which at least 60 percent will be Florida residents and at least one member will be a military veteran;

3. Is projected to spend at least 70 percent of its total production days in this state; and

4. Will not receive a certificate of exemption pursuant to s. 288.1258.

(b) A project may receive a grant in the amount of up to 20 percent of its verified qualified expenditures. A bonus may be earned in the amount of an additional 3 percentage points, if 75 percent of the project's production will take place in an



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underutilized county or if its content is deemed family friendly. A certified project may not receive more than one bonus, and the total that may be awarded under any grant may not exceed 23 percent of its verified qualified expenditures or \$2 million, whichever is less.

(c) A certified project must make a good faith effort to use existing providers of infrastructure or equipment in this state, when available, including providers of camera gear, grip and lighting equipment, vehicles, and postproduction services, and to employ cast and crew who are Florida residents.

(4) APPLICATION WINDOWS.—Applications must be accepted for the program during two application windows each fiscal year. The commissioner shall set a start date for both application windows. However, the first application window must end no later than 5 business days after July 1 and the second must end no later than 5 business days after January 1.

(a) The department may not earmark or set aside more than 60 percent of any appropriated or rolled-over grant funds for any given fiscal year for applications submitted during the first application window. Grant funds not earmarked and set aside for applicants applying during one application window roll over for use in the next application window.

(b) If all grant funds are earmarked and set aside for certified projects, additional applications may not be accepted until more funds become available to the program.

(5) APPLICATION PROCESS.—

(a) A company that plans to produce a film, television, or digital project in this state may submit an application to the commissioner during one of the two application windows. A



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project must have a production start date that is within 6 months after July 1 if applying in the first window or January 1 if applying in the second window.

(b) The application must include:

1. Proof of funding;

2. Project-related employment information, including employment numbers for Florida residents;

3. A full line-item budget and a detailed qualified expenditures budget;

4. A detailed distribution plan to assist with determining the potential economic impact of the project in this state;

5. The applicant's expected total qualified expenditures for wages paid to Florida residents;

6. The applicant's expected total qualified expenditures and non-qualified expenditures in this state;

7. For a film project or television pilot, a final script, a production schedule, a Day out of Days report, and a list of the expected shooting locations;

8. For a television series, scripts for two episodes, a Day out of Days report, and a list of the expected shooting locations;

9. For a digital media project, a detailed game design document;

10. An affirmation signed by the applicant that the information on the application is correct; and

11. The applicant's Florida tax identification number.

(c) Within a reasonable period of time after the last business day of each application window, the commissioner shall:

1. Review all applications submitted during the application



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window and determine the eligibility of each applicant;

2. Determine each applicant's expected qualified expenditures;

3. Determine the maximum grant amount that each eligible applicant may be awarded;

4. Determine whether an eligible applicant's project is deemed family friendly;

5. Determine the percentage of the applicant's production, if any, which is proposed to occur in an underutilized county;

6. Determine whether each eligible applicant is a corporation registered in this state;

7. Contact each applicant with any questions, as necessary;

8. Gather any additional information needed to address the criteria specified under subsection (7);

9. Assemble a package containing the details of each eligible applicant's project and deliver it to each board member; and

10. Give notice to the board of the date and time for when the board must convene to assess each qualified project, as provided for in paragraph (6) (d).

(d) An applicant may submit only one application per application window.

(6) GRANT ADVISORY BOARD; CREATION; PURPOSE; MEMBERSHIP.—

(a) The Grant Advisory Board is created within the office. The board shall comply with the requirements of s. 20.052, Florida Statutes, except as otherwise provided in this section.

(b) The board shall consist of seven members appointed by the commissioner. Of these seven members:

1. Three shall be members of the Florida Film and



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Entertainment Advisory Council who were appointed by the Governor;

2. Two shall be members of the Florida Film and Entertainment Advisory Council who were appointed by the President of the Senate; and

3. Two shall be members of the Florida Film and Entertainment Advisory Council who were appointed by the Speaker of the House of Representatives.

4. If a board member has a conflict of interest with a project under consideration, the commissioner must select an alternate member from the Florida Film and Entertainment Advisory Council.

5. The commissioner shall attend and oversee all meetings.

(c) The board shall meet at the call of the commissioner pursuant to subparagraph (5)(c)10. The board may hold subsequent meetings after the initial meeting for that application window. The board may meet in person or by conference call.

(d)1. The board shall determine a score for each qualified project using the criteria specified under subsection (7), with the highest scores going to projects determined to provide the best economic impact and return on investment to the state.

2. The board shall make a recommendation for certification or rejection of each qualified project to the commissioner within 10 days after the board's first meeting for that application window.

(7) CRITERIA FOR DETERMINING PROJECT SCORES.—

(a) The priority order and scoring system of the criteria specified in paragraph (b) must be determined by the commissioner, with assistance from the board and other persons,



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as determined by the commissioner, in advance of the first application window.

(b) The board shall use at least the following criteria in determining a qualified project's score:

1. The amount of the project's overall qualified expenditures.

2. The amount of the project's Florida-resident wages.

3. The number of full-time-equivalent jobs created by the project.

4. Whether the project provides pension, health, and welfare benefits to its workforce in this state.

5. The estimated direct and indirect tourism benefit of the project, based on submitted distribution plans.

6. The duration of Florida-resident employment for the project.

7. What percentage of the project, if any, is being made in an underutilized county.

8. Whether the project is family friendly.

9. Whether the project has a Florida-resident writer, producer, or star.

10. Whether a Florida film, television, or digital media school will assist with the production of the project.

11. Whether the project leadership team has a successful track record.

12. The number of Florida-resident veterans hired by the project.

13. The number of Florida film school graduates the project will hire as cast or crew.

(8) NOTIFICATION OF DECISION.—



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(a) After the board makes its recommendations to the commissioner, the commissioner shall, in a timely manner:

1. Make a final determination on certifying or rejecting each qualified project, giving consideration to the board's recommendations and scoring.

2. Provide a list of certified projects to the department which includes the associated maximum grant amounts that the respective applicants may receive.

3. Notify each certified project of the specified percentage of qualified expenditures for which it is eligible and the maximum grant amount that it may receive.

4. Provide a notice of rejection to each rejected applicant; however, the failure to notify an applicant of its rejection does not deem the applicant's project a certified project.

(b) Based on the final determination of the commissioner, the department shall earmark and set aside the amount necessary to fund the total maximum that may be awarded for the certified projects, if funds are available.

(9) (a) VERIFICATION PROCESS.—The commissioner shall develop a process to verify the actual qualified expenditures of a certified project after the project's work in this state is complete. The process must require all of the following:

1. Submission to the commissioner of at least all of the following information, electronically or in hard copy, or both, by each certified project:

a. Data substantiating each qualified expenditure, which has been audited by an independent certified public accountant licensed in this state, as required by subparagraph 4.;



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b. Copies of documents verifying residency of persons represented as being Florida residents;

c. The final script;

d. The most recent production board and shooting schedule;

e. The most recent credit list showing where the credits required under subsection (10) will appear;

f. A cast list and a final crew list with contact information; and

g. For the veteran employed by the project, a copy of his or her DD Form 214, as issued by the United States Department of Defense, or another acceptable form of identification as specified by the Department of Veteran's Affairs.

2. Signing, and submission to the commissioner, by the certified project of an affidavit or written declaration signed under the penalty of perjury as specified in s. 92.525, Florida Statutes, stating that all salaries, wages, and other compensation submitted as qualified expenditures are in compliance with this section.

3. The information and affidavit required by subparagraphs 1. and 2. must be received by the commissioner within 120 days after the certified project has made its last qualified expenditure, but no later than 1 year after its production start date. Pursuant to the rules adopted by the department, the commissioner may, upon a showing of good cause, grant a one-time extension of this deadline.

4. The conduct of a compliance audit, at the certified project's expense, by an independent certified public accountant who is a resident of this state to substantiate the qualified expenditures, and submission of a report of the findings of the



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audit, including substantiating data, to the commissioner within a reasonable period of time after the initial receipt of records from the certified project.

(b) The commissioner shall review the report and data submitted by the certified public accountant within a reasonable period of time after receipt of the report and data and report to the department the final verified amount of actual qualified expenditures made by the certified project and the amount of the grant due to the such project.

(c) Upon approval by the department of the final grant amount, which may not exceed the maximum specified in the notice provided under subparagraph (8)(a)3., the grant must be issued within a reasonable period of time.

(d) The department shall deduct one-half of 1 percent of the total grant amount before issuing the grant to the certified project, and such amount must be credited to the department to offset the cost of the compliance review.

(e) At the end of the fiscal year, grant funds that are not allocated to a certified project, and grant funds allocated but not awarded to a certified project, roll over to the next fiscal year.

(10) MARKETING AND TOURISM REQUIREMENT.—

(a) The commissioner shall ensure, as a condition of receiving a grant under this section, that a certified project include marketing promoting this state as a tourist destination or film and entertainment production destination. At a minimum, the marketing must include placement in the end credits of a "Filmed in Florida" or "Produced in Florida" logo with size and placement commensurate to other logos included in the end



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credits or, if no logos are used, the statement "Filmed in Florida" or "Produced in Florida" or a similar statement approved by the commissioner and the logo of the local film office, if applicable. A digital media project must also supply a 5-second or longer animated logo with "Produced in Florida" or other text, including the logo of the local digital media office, if applicable, as preapproved by the commissioner, in a manner easily seen by a consumer of the digital media project. The commissioner shall provide the logos for the purposes specified in this paragraph, not including the logo for a local office, which must be provided by the applicable office.

(b) A certified project must allow the commissioner, or an affiliate, and a minimum of two guests to visit the production site upon the request of the commissioner. Upon such request, the certified project must give the commissioner reasonable notice of a visit date and time that is acceptable to the production. The commissioner or an affiliate is not required to make a visit to the set.

(c) A certified project must provide at least five preapproved photos of the production to the commissioner and grant the commissioner free use of such photos in promoting this state as a film, television, or digital media production location or tourist destination.

(11) DISQUALIFICATION.—The department shall disqualify a certified project if the project:

(a) Does not begin principal photography in this state within the period beginning 30 days before and ending 90 days after the project's listed production start date. Pursuant to department rule, the commissioner may, upon a showing of good



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cause, grant a one-time extension of this deadline;

(b) Does not abide by the policies, procedures, deadlines, or requirements of the application verification process;

(c) Does not notify the commissioner of any change in the production start date before commencing production; or

(d) Submits fraudulent information.

(12) FRAUD.—An applicant that submits fraudulent information under this section is liable for reimbursement of the reasonable costs and fees associated with the review, processing, investigation, and prosecution of the fraudulent submission. An applicant that obtains a grant under this section through a claim that is fraudulent shall reimburse the program for the grant awarded and reasonable costs and fees associated with the review, processing, investigation, and prosecution of the fraudulent claim and shall pay a civil penalty in an amount equal to double the grant amount and any criminal penalty to which the applicant may be subject.

(13) RULES; POLICIES; PROCEDURES.—The commissioner may adopt rules and shall develop policies and procedures to administer this section, including, but not limited to, rules specifying requirements for the application and approval process and the determination of qualified expenditures.

(14) ANNUAL REPORT.—Each November 1, the commissioner shall provide an annual report on the program for the previous fiscal year to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The report must identify the return on investment associated with, and economic benefits to the state attributable to, the program.

(15) EXPIRATION.—The Film, Television, and Digital Media



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Targeted Grant Program expires June 30, 2022, at which point all
remaining appropriated funds not earmarked and set aside for
certified projects must revert to the General Revenue Fund. All
remaining appropriated funds must revert to the General Revenue
Fund no later than October 31, 2023.

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Delete lines 14 - 55

and insert:

of infrastructure or equipment in this state and
Florida-resident cast and crew; requiring the
commissioner to set application windows for the grant;
providing requirements for the department relating to
earmarking and setting aside grant funds; providing
procedures and requirements for applicants applying
for the grant; requiring the commissioner to take
specified action within a reasonable period of time;
specifying that an applicant is may submit only one
application per application window; creating the Grant
Advisory Board within the Office of Film and
Entertainment of the department; providing membership
requirements for the board; requiring the commissioner
to select an alternate board member when certain
conflicts of interest are present; providing meeting
requirements for the board; requiring the board to
determine a score for each qualified project using
specified criteria; requiring the board to make a
recommendation for certification or rejection of a



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qualified project within a specified timeframe;
requiring the commissioner to determine the priority
order and scoring system of the specified criteria
with assistance from the board and certain other
persons; requiring the board to use certain criteria;
requiring the commissioner to take certain actions
relating to the certification or rejection of
qualified projects in a timely manner; requiring the
department to earmark and set aside funding necessary
to fund the total maximum that may be awarded to the
certified projects, if funds are available; requiring
the commissioner to develop a verification process to
verify the actual certified expenditures of a
certified project after the project's work in this
state is complete; providing requirements for the
verification process; requiring that the grant be
issued within a reasonable period of time upon
approval of the final grant amount by the department;
requiring the department to deduct a specified
percentage of the grant and to credit the amount to
the department to offset certain expenses; requiring
that certain marketing be included with a project;
requiring certified projects to allow certain persons
to visit the production site upon request of the
commissioner and after providing the commissioner with
reasonable notice; specifying that a visit to the

By Senator Gruters

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A bill to be entitled
An act relating to the entertainment industry;
creating the Film, Television, and Digital Media
Targeted Grant Program within the Department of
Economic Opportunity under the supervision of the
Commissioner of Film and Entertainment; providing
purposes for the program; defining terms; requiring
that film, television, and digital media projects
being produced in this state meet specified criteria
for grant eligibility; authorizing applicants to
receive grants up to a specified amount, including
bonuses; requiring an applicant that receives funding
to make a good faith effort to use existing providers
of infrastructure or equipment in this state;
establishing application windows for the grant;
providing requirements for the department relating to
earmarking and setting aside grant funds; providing
procedures and requirements for applicants applying
for the grant; requiring the commissioner to take
specified action within a specified timeframe;
specifying that an applicant is only authorized to
submit one application per fiscal year unless the
applicant is producing certain television programs;
creating the Grant Advisory Board within the Office of
Film and Entertainment of the department; providing
membership requirements for the board; providing
meeting requirements for the board; requiring the
board to determine a score for each applicant's
project using specified criteria; requiring the board

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to make a recommendation for certification or rejection of applications within a specified timeframe; requiring the commissioner to determine the priority order and scoring system of the specified criteria with assistance from the board; requiring the board to use certain criteria; requiring the commissioner to take certain actions relating to the certification or denial of applications within a specified timeframe; requiring the department to earmark and set aside funding necessary to fund the total maximum that may be awarded to the qualified projects; requiring the commissioner to develop a verification process to verify the actual qualified expenditures of a qualified project after the project's work in this state is complete; providing requirements for the verification process; requiring that the grant be issued within a specified timeframe upon approval of the final grant amount by the department; requiring the department to deduct a specified percentage of the grant and to credit the amount to the department to offset certain expenses; requiring that certain marketing be included with a project; requiring qualified projects to allow certain persons to visit the production site upon request of the commissioner and after providing the commissioner with certain notice; specifying that a visit to the production site is not required; requiring the department to disqualify a project under certain circumstances; providing for liability and imposing

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civil penalties for an applicant that submits fraudulent information; providing for rulemaking; requiring the commissioner to provide an annual report to the Governor and the Legislature on a specified date; providing for the expiration of the program; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Film, Television, and Digital Media Targeted Grant Program.—

(1) CREATION AND PURPOSES OF PROGRAM.—The Film, Television, and Digital Media Targeted Grant Program is created within the Department of Economic Opportunity under the supervision of the Commissioner of Film and Entertainment. The purposes of the program are to boost this state's economic prosperity; expand the impact of the film, television, and digital media industries on the economy of this state; and encourage more family-friendly productions in this state.

(2) DEFINITIONS.—As used in this act, unless the context otherwise requires, the term:

(a) "Board" means the Grant Advisory Board.

(b) "Commissioner" means the Commissioner of Film and Entertainment as described in s. 288.1251(1)(b), Florida Statutes.

(c) "Department" means the Department of Economic Opportunity.

(d) "Digital media project" means a commercial video game that includes at least 30 minutes of game play time. The term

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88 does not include a project that may be considered obscene, as
89 defined in s. 847.001, Florida Statutes.

90 (e) "Family friendly" means having cross-generational
91 appeal; being appropriate in theme, content, and language for a
92 broad family audience; embodying a responsible resolution of
93 issues; and not containing any act of smoking, illicit drug use,
94 sex, nudity, gratuitous violence, or vulgar or profane language.

95 (f) "Film project" means a theatrical, direct-to-video,
96 television, or animated narrative motion picture at least 75
97 minutes in length. The term does not include a project deemed by
98 the office to have content that is obscene, as defined in s.
99 847.001, Florida Statutes.

100 (g) "Florida resident" means a person who has a valid
101 Florida driver license or Florida identification card issued
102 under s. 322.051, Florida Statutes, and has signed an affidavit
103 confirming residency.

104 (h) "Office" means the Office of Film and Entertainment
105 within the department.

106 (i) "Principal photography" means, for a film project or
107 television project, the filming of major or significant
108 components of the project which involve lead actors, or, for a
109 digital media project, the period of time during which the work
110 of the majority of the crew is dedicated solely to the project.

111 (j) "Production expenditures" means the costs of tangible
112 and intangible property used and services performed primarily
113 and customarily during the preproduction, production, and
114 postproduction of a project.

115 1. The term includes, but is not limited to:

116 a. Wages, salaries, or other compensation, including

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amounts paid through payroll service companies, for technical and production crews, directors, producers, and performers.

b. Rental expenditures for sound stages, backlots, production, editing, digital effects, sound recording, sets, and set construction.

c. Rental expenditures for equipment, including, but not limited to, cameras and grip or lighting equipment.

d. Expenditures for production meals, craft services, rental cars, and hotels or other rental accommodations.

2. The term does not include any costs associated with airfare, development, marketing, or distribution.

(k) "Production start date" means:

1. For film and television projects, the start date of principal photography, as listed in the project's application.

2. For digital media projects, the start date of storyboards or a later date as specified in the project's application.

(l)1. "Qualified expenditures" means production expenditures incurred for the following:

a. Rented or leased goods or services provided by a vendor or supplier in this state which is registered with the Department of State or the Department of Revenue; which has a physical address, not including a post office box; and which employs one or more Florida residents on a full-time basis. The term does not include rebilled goods or services provided by an in-state company from out-of-state vendors or suppliers. When services provided by the vendor or supplier include personal services or labor, only personal services or labor provided by Florida residents qualifies.

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146 b. Payments to Florida residents in the form of salary or
147 wages up to a maximum of \$200,000 per resident. For purposes of
148 this sub-subparagraph, payments do not include wages for
149 executives, legal staff, workers, or other paid employees who
150 are employed by the project or its parent or affiliate
151 corporation.

152 2. "Qualified expenditures" includes expenditures for
153 renting cars, trucks, and trailers if such car, truck, or
154 trailer is registered with the Department of Highway Safety and
155 Motor Vehicles.

156 3. "Qualified expenditures" does not include expenditures
157 not expressly identified in subparagraphs 1. or 2., expenditures
158 made before qualification for the program, or expenditures
159 related to Internet transactions.

160
161 For the purposes of a television project or a film project, the
162 term includes only those qualified expenditures made within 2
163 fiscal years after the project's first qualified expenditure.
164 For the purposes of a digital media project, the term includes
165 only those qualified expenditures made within 9 months after the
166 project's first qualified expenditure.

167 (m) "Qualified project" means a film project, television
168 project, or digital media project for which a complete
169 application for the program has been submitted to and certified
170 by the commissioner. The term does not include a weather or
171 market program; a sporting event or a sporting event broadcast;
172 a gala; an awards show; a production that solicits funds; a home
173 shopping program; a political program; a documentary; a
174 gambling-related project or production; a concert production; a

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news or current events show; a sports or sports recap show; a pornographic production; or any production deemed obscene under chapter 847, Florida Statutes.

(n) "Television project" means a television pilot program or series that:

1. Is a scripted drama, comedy, or animation;
2. Has a runtime of at least 30 minutes but not more than 60 minutes; and
3. Has a minimum of seven episodes.

The term does not include a project deemed by the office to have content that is obscene, as defined in s. 847.001, Florida Statutes.

(o) "Underutilized area" means any county in this state other than Broward County, Dade County, Orange County, or Seminole County.

(3) GRANT ELIGIBILITY.—

(a) To be eligible for a grant, an applicant must be producing a project that:

1. Has projected qualified expenditures of:
 - a. For a film project, at least \$1.5 million;
 - b. For a television series, at least \$500,000 per episode;
 - c. For a television pilot, at least \$1 million; or
 - d. For a digital media project, at least \$1.5 million;
2. Is projected to employ a crew, including cast and stand-ins, but not including extras, of which at least 60 percent will be Florida residents;
3. Is projected to spend at least 60 percent of its total budget in this state; and

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204 4. Will not use the state sales tax exemption.

205 (b) A project may receive a grant in the amount of up to 12
206 percent of its verified qualified expenditures. A bonus may be
207 earned in the amount of an additional 3 percentage points, if 75
208 percent of the project's production will take place in an
209 underutilized county or if its content is deemed family
210 friendly. A project may not receive more than one bonus, and the
211 total that may be awarded under any grant may not exceed 15
212 percent of its verified qualified expenditures or \$2 million,
213 whichever is less.

214 (c) Each applicant that receives funding must make a good
215 faith effort to use existing providers of infrastructure or
216 equipment in this state, when available, including providers of
217 camera gear, grip and lighting equipment, vehicles, and
218 postproduction services.

219 (4) APPLICATION WINDOWS.—Applications must be accepted in
220 each fiscal year in which funding is available for the program
221 during two application windows. The first application window is
222 the first 5 business days of each July, and the second
223 application window is the first 5 business days of each January.

224 (a) The department may not earmark or set aside more than
225 60 percent of any appropriated or rolled-over grant funds for
226 any given fiscal year for applications submitted during the
227 first application window. Grant funds not earmarked and set
228 aside for the first application window roll over for use in the
229 second application window.

230 (b) If all grant funds are earmarked and set aside for
231 qualified projects, additional applications may not be accepted
232 until more funds become available to the program.

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(5) APPLICATION PROCESS.—

(a) A company that plans to produce a film, television, or digital project in this state may submit an application to the commissioner during one of the two application windows. A project must have a production start date that is within 6 months after the first day of the application window in which the company submits the application.

(b) The application must include:

1. Project-related employment information, including employment numbers for Florida residents;
2. A detailed budget of planned qualified expenditures;
3. A detailed distribution plan to assist with determining the potential economic impact of the project in this state;
4. The applicant's expected total qualified expenditures for wages paid to Florida residents;
5. The applicant's expected total qualified expenditures in this state other than wages;
6. For a film project or television project, a final script, a production schedule, a Day out of Days report, and a list of the expected shooting locations;
7. For a television project, scripts for two episodes;
8. For a digital media project, a detailed game design document; and
9. An affirmation signed by the applicant that the information on the application is correct.

(c) Within 15 business days after the last business day of each application window, the commissioner shall:

1. Review all applications submitted during the application window and determine the eligibility of each applicant;

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262 2. Determine each applicant's expected qualified
263 expenditures;

264 3. Determine the maximum grant amount that each applicant
265 may be eligible for;

266 4. Determine whether the applicant's project is deemed
267 family friendly;

268 5. Determine whether each applicant or the parent company
269 of the applicant is a corporation registered in this state;

270 6. Contact each applicant with any questions, as necessary;

271 7. Gather any additional information needed to address the
272 criteria specified under subsection (7); and

273 8. Assemble a package containing the details of each
274 applicant's project and deliver it to each board member.

275 (d) An applicant may submit only one application per fiscal
276 year. However, an applicant producing a television series may
277 apply for subsequent seasons of that television series within
278 the same fiscal year.

279 (6) GRANT ADVISORY BOARD; CREATION; PURPOSE; MEMBERSHIP.—

280 (a) The Grant Advisory Board is created within the office.
281 The board shall comply with the requirements of s. 20.052,
282 Florida Statutes, except as otherwise provided in this section.

283 (b) The board shall consist of seven members appointed by
284 the commissioner. Of these seven members:

285 1. Three shall be members of the Florida Film and
286 Entertainment Advisory Council who were appointed by the
287 Governor;

288 2. Two shall be members of the Florida Film and
289 Entertainment Advisory Council who were appointed by the
290 President of the Senate; and

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291 3. Two shall be members of the Florida Film and
292 Entertainment Advisory Council who were appointed by the Speaker
293 of the House of Representatives.

294 (c) The board shall meet within 15 business days after the
295 commissioner provides application material to all of the members
296 of the board as provided in subparagraph (5)(c)8. Subsequent
297 meetings may be held within 10 business days after the initial
298 meeting for that application window. The board may meet in
299 person or by conference call.

300 (d)1. The board shall determine a score for each
301 applicant's project using the criteria specified under
302 subsection (7), with the highest scores going to projects
303 determined to provide the best economic impact and return on
304 investment to the state.

305 2. The board shall make a recommendation for certification
306 or rejection of each application to the commissioner within 10
307 days after the board's first meeting for that application
308 window.

309 (7) CRITERIA FOR DETERMINING PROJECT SCORES.—

310 (a) The priority order and scoring system of the criteria
311 specified in paragraph (b) must be determined by the
312 commissioner, with assistance from the board in advance of the
313 first application window.

314 (b) The board shall use at least the following criteria in
315 determining a project's score:

316 1. The amount of the project's overall qualified
317 expenditures.

318 2. The amount of the project's Florida-resident wages.

319 3. The number of full-time-equivalent jobs created by the

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project.

4. Whether the project provides pension, health, and welfare benefits to its workforce in this state.

5. The estimated direct and indirect tourism benefit of the project, based on submitted distribution plans.

6. The duration of Florida-resident employment for the project.

7. What percentage of the project, if any, is being made in an underutilized county.

8. Whether the applicant is a corporation registered in this state.

9. Whether the project is family friendly.

10. Whether the project has a Florida-resident writer, producer, or star.

11. Whether a Florida film, television, or digital media school will assist with the production of the project.

12. Whether the project leadership team has a successful track record.

13. The number of Florida-resident veterans hired by the project.

14. The number of Florida film school graduates the project has hired as cast or crew.

(8) NOTIFICATION OF DECISION.—

(a) Within 5 business days after the board makes its recommendations to the commissioner, the commissioner shall:

1. Provide a list of qualified projects to the department which includes the associated maximum grant amounts that the respective applicants may receive.

2. Notify each applicant of the specified percentage of

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349 qualified expenditures for which the applicant is eligible and
350 the maximum grant amount that the applicant may receive.

351 3. Provide a notice of rejection to each rejected
352 applicant; however, the failure to notify an applicant of its
353 rejection does not deem the applicant's project a qualified
354 project.

355 (b) The commissioner shall make the final determination,
356 giving consideration to the board's recommendations, as to
357 whether an applicant is certified for a grant.

358 (c) Based on the final determination of the commissioner,
359 the department shall earmark and set aside the amount necessary
360 to fund the total maximum that may be awarded for the qualified
361 projects.

362 (9) (a) VERIFICATION PROCESS.—The commissioner shall develop
363 a process to verify the actual qualified expenditures of a
364 qualified project after the project's work in this state is
365 complete. The process must require all of the following:

366 1. Submission to the commissioner, electronically or as a
367 hard copy, by each qualified project within 90 days after making
368 its final qualified expenditure, but not later than 1 year after
369 its production start date of:

370 a. Data substantiating each qualified expenditure, which
371 has been audited by an independent certified public accountant
372 licensed in this state, as required by subparagraph 3.;

373 b. Copies of documents verifying residency of persons
374 represented as being Florida residents;

375 c. The final script;

376 d. The most recent production board and shooting schedule;

377 and

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378 e. The most recent credit list showing where the credits
379 required under subsection (10) will appear.

380 2. Signing, and submission to the commissioner, by the
381 qualified project of an affidavit or written declaration signed
382 under the penalty of perjury as specified in s. 92.525, Florida
383 Statutes, stating that all salaries, wages, and other
384 compensation submitted as qualified expenditures are in
385 compliance with this section.

386 3. The conduct of a compliance audit, at the qualified
387 project's expense, by an independent certified public accountant
388 to substantiate each qualified expenditure and submission of a
389 report of the findings of the audit, including substantiating
390 data, to the commissioner within 45 days after the initial
391 receipt of records from the qualified project.

392 (b) The commissioner shall review the report and data
393 submitted by the certified public accountant within 45 days
394 after receipt of the report and data and report to the
395 department the final verified amount of actual qualified
396 expenditures made by the qualified project and the amount of the
397 grant due to the qualified project.

398 (c) Upon approval by the department of the final grant
399 amount, which may not exceed the maximum specified in the notice
400 provided under subparagraph (8)(a)2., the grant must be issued
401 within 30 days.

402 (d) The department shall deduct one-half of 1 percent of
403 the total grant amount before issuing the grant to the qualified
404 project, and such amount must be credited to the department to
405 offset the cost of the compliance review.

406 (10) MARKETING AND TOURISM REQUIREMENT.—

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407 (a) The commissioner shall ensure, as a condition of
408 receiving a grant under this section, that a qualifying project
409 include marketing promoting this state as a tourist destination
410 or film and entertainment production destination. At a minimum,
411 the marketing must include placement in the end credits of a
412 "Filmed in Florida" or "Produced in Florida" logo with size and
413 placement commensurate to other logos included in the end
414 credits or, if no logos are used, the statement "Filmed in
415 Florida" or "Produced in Florida" or a similar statement
416 approved by the commissioner and the logo of the local film
417 office, if applicable. A digital media project must also supply
418 a 5-second or longer animated logo with "Produced in Florida" or
419 other text, including the logo of the local digital media
420 office, if applicable, as preapproved by the commissioner, in a
421 manner easily seen by a consumer of the digital media project.
422 The commissioner shall provide the logos for the purposes
423 specified in this paragraph, not including the logo for a local
424 digital media office, which must be provided by the applicable
425 office.

426 (b) A qualified project must allow the commissioner, or an
427 affiliate, and up to five guests to visit the production site
428 upon the request of the commissioner. Upon such request, the
429 qualified project must give the commissioner at least 10
430 business days' notice of a visit date and time that is
431 acceptable to the production. The commissioner or an affiliate
432 is not required to make a visit to the set.

433 (c) A qualified project must provide at least five
434 preapproved photos of the production to the commissioner and
435 grant the commissioner use of such photos in promoting this

23-00493-19

2019526__

state as a film, television, or digital media production location or tourist destination.

(11) DISQUALIFICATION.—The department shall disqualify a project if the project:

(a) Does not begin principal photography in this state within 6 weeks of the project's production start date;

(b) Does not abide by the policies, procedures, deadlines, or requirements of the verification process;

(c) Does not start production within 6 weeks before or after the production start date;

(d) Does not notify the commissioner of any change in the production start date before commencing production; or

(e) Submits fraudulent information.

(12) FRAUD.—An applicant that submits fraudulent information under this section is liable for reimbursement of the reasonable costs and fees associated with the review, processing, investigation, and prosecution of the fraudulent submission. An applicant that obtains a grant under this section through a claim that is fraudulent shall reimburse the program for the grant awarded and reasonable costs and fees associated with the review, processing, investigation, and prosecution of the fraudulent claim and shall pay a civil penalty in an amount equal to double the grant amount and any criminal penalty to which the applicant may be subject.

(13) RULES; POLICIES; PROCEDURES.—The commissioner may adopt rules and shall develop policies and procedures to administer this section, including, but not limited to, rules specifying requirements for the application and approval process and the determination of qualified expenditures.

23-00493-19

2019526__

465 (14) ANNUAL REPORT.—Each November 1, the commissioner shall
466 provide an annual report on the program for the previous fiscal
467 year to the Governor, the President of the Senate, and the
468 Speaker of the House of Representatives. The report must
469 identify the return on investment associated with, and economic
470 benefits to the state attributable to, the program.

471 (15) EXPIRATION.—The Film, Television, and Digital Media
472 Targeted Grant Program expires June 30, 2020, at which point all
473 remaining appropriated funds not earmarked and set aside for
474 qualified projects must revert to the General Revenue Fund. All
475 remaining appropriated funds must revert to the General Revenue
476 Fund no later than October 31, 2022.

477 Section 2. This act shall take effect upon becoming a law.

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/19

Bill Number (if applicable) 526

Amendment Barcode (if applicable) _____

Topic Entertainment Industry

Name Brewster Bevis

Job Title Senior VP

Address 516 N Adams St

Phone 224-2177

City _____ State _____ Zip _____

Email bbevis

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Associated Industries of Florida

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

2-19-19

Bill Number (if applicable)

526

Topic STS 526 (H.M., TV, and Digital Media Targeted Grant Program)

Amendment Barcode (if applicable)

Name Kyle Ballock (Ballock)

Job Title Economist

Address 106 N Broward St

Phone 850-222-5052

Street

Tallahassee

FL

32301

Email

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Florida TaxWatch

Appearing at request of Chair: ☐ Yes ☐ No

Lobbyist registered with Legislature: ☐ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

02/19/2019

SB 526

Meeting DateBill Number (if applicable)Topic The Entertainment IndustryAmendment Barcode (if applicable)Name Joseph Salzverg ("Saul's-verg")Job Title Attorney/Government ConsultantAddress 301 S. bronough Street, Suite 600Phone 305-416-6880StreetTallahasseeFL32301Email joseph.salzverg@gray-robinson.comCityStateZipSpeaking: ☐ For ☐ Against ☐ InformationWaive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)Representing Miami Downtown Development AuthorityAppearing at request of Chair: ☐ Yes ☒ NoLobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/19

Bill Number (if applicable) 526

Topic Film, Television, Digital Media

Amendment Barcode (if applicable) _____

Name Sarah Suskey

Job Title _____

Address 204 Spruce St.

Phone 850 222-8900

City Tallahassee State FL Zip 32301

Email SosCandales@car.com

Speaking: ☒ For ☐ Against ☐ Information ☐ Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Film Florida

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/19

Bill Number (if applicable) 526

Topic Entertainment industry

Amendment Barcode (if applicable) _____

Name Cecily Johnson

Job Title Recy Director

Address Be S Broadway St

Phone 521-1200

Street

Tallahassee FL 32301

Email johnson@senate.fl.gov

City

State

Zip

Speaking: ☐ For ☐ Against ☐ Information

Waive Speaking: ☒ In Support ☐ Against
(The Chair will read this information into the record.)

Representing 11 Chamber of Commerce

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

2/19/2019

Bill Number (if applicable)

526

Topic

Entertainment Industry

Amendment Barcode (if applicable)

Name

John Lox

Job Title

Executive Director

Address

2516 Quail Park Terrace

Phone

407-494-6195

Street

Kissimmee, FL

State

Zip

34743

Email

jlox@FilmFlorida.org

Speaking:



For



Against



Information

Waive Speaking:



In Support



Against

(The Chair will read this information into the record.)

Representing

Film Florida

Appearing at request of Chair:



Yes



No

Lobbyist registered with Legislature:



Yes



No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date 2/19/19

Bill Number (if applicable) 526

Topic The Entertainment Industry

Amendment Barcode (if applicable) _____

Name Phillip Suderman

Job Title Policy Director

Address 200 W. College Ave.

Phone _____

City Tallahassee State FL Zip 32301

Email _____

Speaking: ☐ For ☒ Against ☐ Information ☐ Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Americans for Prosperity

Appearing at request of Chair: ☐ Yes ☒ No Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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Agency Overview

Executive Director Ken Lawson

February 19, 2019



Overview

The Florida Department of Economic Opportunity (DEO) works with our partners across the state to support Florida's strong economy, robust and talented workforce and our local communities.

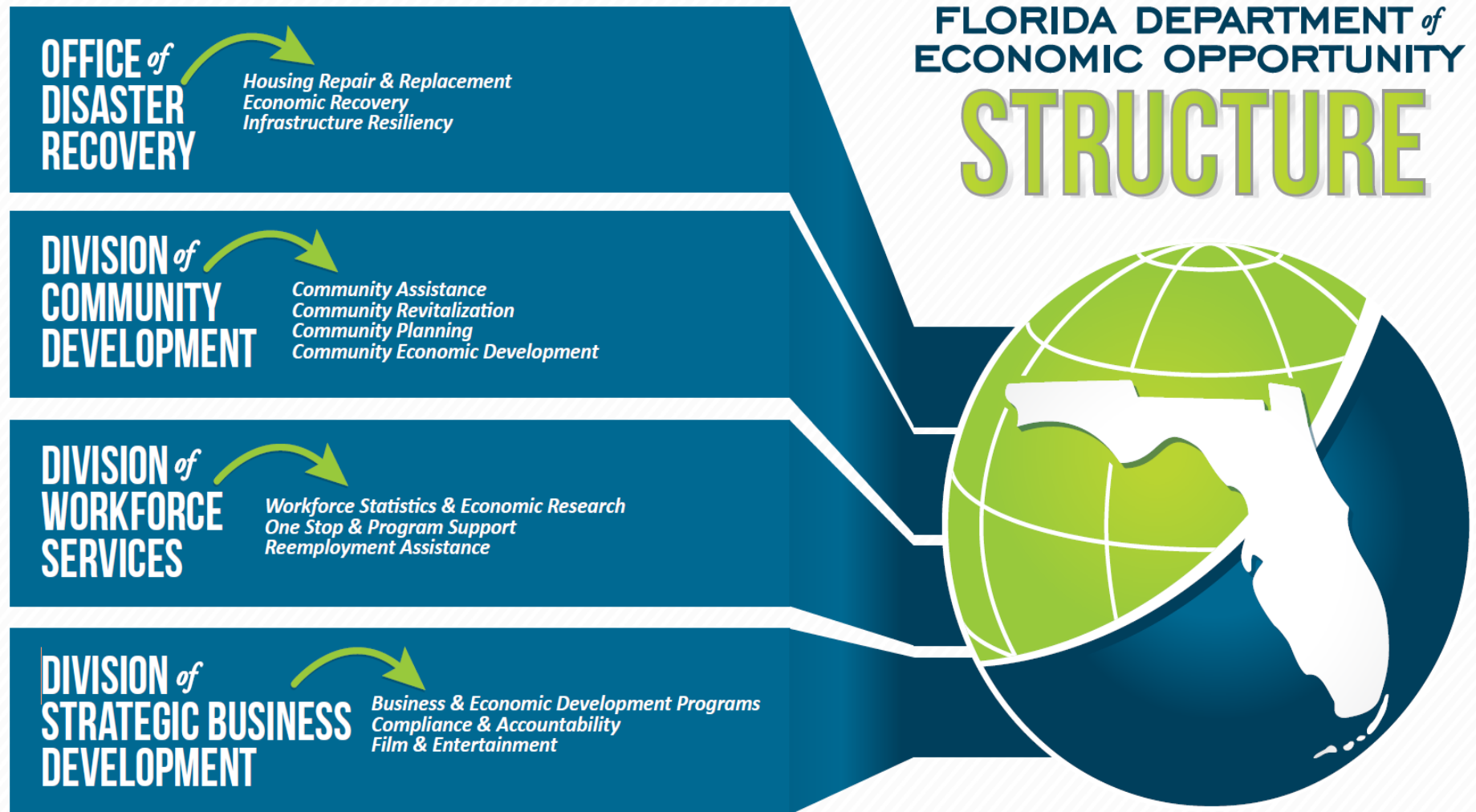
Employees: 1,475

2018-19 Operating Budget: \$1,249,772,388

Goals for 2019

- Help Floridians rebuild after the most recent hurricanes
- Prepare for potential future economic slowdowns
- Streamline programs to better assist community growth, to promote program transparency and efficiencies with local, state and federal partners and to assist communities in planning for the future

Overview



Office of Disaster Recovery

The Office of Disaster Recovery's mission is to help communities rebuild and recover from disasters by helping them meet their long-term, unmet housing, economic and infrastructure needs.

- **2016:** Hurricanes Hermine and Matthew – DEO is coordinating final obligation of these funds through contracts with St. Johns and Volusia counties.
- **2017:** Hurricane Irma – DEO launched Rebuild Florida in September 2018 to help Floridians repair, rebuild or replace their damaged homes. Deadline for homeowners to register for the program is March 29, 2019. Agency is currently in the early phases of the economic recovery and workforce training programs.
- **2018:** Hurricane Michael – DEO is working with local communities in the Florida's Panhandle to determine their unmet and long-term recovery needs. The agency is asking the U.S. Department of Housing and Urban Development for flexibility in spending funds, once they are appropriated by Congress.

Division of Community Development

The Division of Community Development partners with and provides resources to local governments, organizations and businesses to assist them in achieving their goals, revitalizing their communities, improving Floridians' quality of life and promoting economic resiliency.

- **Bureau of Community Planning and Growth** – partners with communities to achieve their goals through creative and innovative planning solutions, grants and technical assistance.
- **Bureau of Small Cities and Rural Communities** - provides technical assistance, grants and loans to small and rural communities across the state for housing, infrastructure and revitalization to support the growth and diversification of local economies.
- **Bureau of Economic Self-Sufficiency** – oversees multiple programs that assist Florida's low-income populations in overcoming and alleviating barriers to economic self-sufficiency.
- **Office of Small Business** – manages multiple programs for Florida's small businesses to access capital and receive technical assistance so they can efficiently operate, expand and promote economic resiliency.

Division of Workforce Services

The Division of Workforce Services provides meaningful services and resources to enhance the state's workforce and ensure all Floridians are able to obtain employment.

- **One Stop and Program Support** – provides services to enhance and cultivate Florida's workforce to meet the current and future demands of the private sector.
- **Reemployment Assistance Program** – provides temporary partial wage replacement benefits to qualified individuals who have lost their job to no fault of their own.
- **Workforce Services and Economic Research** – produces, analyzes and distributes statistical information to assist Florida in making sound economic decisions.

Division of Workforce Services -- Workforce Trends

- The current unemployment rate of 3.3 percent was down from the recessionary high rate of 11.2 percent reported in 2009-2010.
- The top three growth industries in Florida are: (1) Education and Health Services, (2) Professional and Business Services, and (3) Leisure and Hospitality.

Seasonally Adjusted	Labor Force	Employment	Unemployment	Unemployment Rate	Year Ago Unemployment Rate
Florida	10,278,000	9,943,000	335,000	3.3%	3.9%
United States	163,240,000	156,945,000	6,294,000	3.9%	4.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, released January 2019.
Prepared by: Florida Department of Economic Opportunity, Bureau of Workforce Statistics and Economic Research.

Division of Strategic Business Development

The Division of Strategic Business Development provides support for attracting out-of-state businesses to Florida, promoting the creation and expansion of Florida businesses and facilitating the state's economic development partnerships.

- **Bureau of Business Development** – delivers front-end due diligence on all projects to ensure agreements provide the best return on investment to taxpayers.
- **Bureau of Compliance and Accountability** – ensures all businesses are compliant with the terms of the contract and are providing the executed deliverables set forth in each agreement.
- **Office of Film and Entertainment** – builds, supports and markets Florida's entertainment industry.

Working with Our Partners

Our mission is to assist the Governor, in collaboration with our public and private partners, in advancing a diverse economy for every Floridian by championing the state's economic, workforce and community development vision and implementing innovative initiatives to help families, communities, businesses and visitors thrive.

- **Enterprise Florida, Inc (EFI)** – facilitates private-sector job growth through business recruitment, international trade, promotion of sporting events, capital funding programs to assist small and minority businesses and through support of the states military bases and personnel.
- **Space Florida** – provides leadership in innovative educational, research and development, workforce development programs and space-related infrastructure development projects.
- **VISIT FLORIDA** – grows Florida's economy by facilitating tourism industry participation in domestic and international travel trade and consumer shows. Last year, Florida set a record by welcoming **118.5 million** visitors.
- **CareerSource Florida** – helps connect businesses with the talented workforce and training needed to succeed and grow.
- **Florida Housing Finance Corporation** – assists in providing a range of affordable housing opportunities for residents across the state.

Questions





Thank You.

If you have questions or comments about this presentation or need to discuss a future project; please contact our office.



DEO Office of Legislative and Cabinet Affairs

Main Line: 850-245-7116

Email: Matt.Spritz@deo.myflorida.com

Karis.Lockhart@deo.myflorida.com

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/19/19
Meeting Date

n/a
Bill Number (if applicable)

Topic DEO PRESENTATION

n/a
Amendment Barcode (if applicable)

Name PEN LAWSON

Job Title EXECUTIVE DIRECTOR

Address 107 E. MADISON ST.

Phone 850.245.7298

Street
Tallahassee FL 32301
City State Zip

Email pen.lawson@deo-
myfloridag.com

Speaking: ☐ For ☐ Against ☒ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Dept. of Economic Opportunity

Appearing at request of Chair: ☒ Yes ☐ No Lobbyist registered with Legislature: ☒ Yes ☐ No

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S-001 (10/14/14)

Enterprise Florida, Inc. Overview

Jamal Sowell

President & CEO, Enterprise Florida, Inc.
Florida Secretary of Commerce

Organization Overview

Enterprise Florida, Inc. (EFI) is a public-private partnership between Florida's business and government leaders and is the principal economic development organization for Florida

EFI's mission is to expand and diversify the state's economy through job creation. In pursuit of its mission, EFI works closely with a statewide network of economic development partners and is funded both by the State of Florida and by private-sector businesses

Organizational Structure



Transparency & Accountability

EFI is committed to openness and transparency in its operations

Information related to programs and spending such as contracts, audits, monthly expenditures, employee salaries and more is made available on our website at www.EnterpriseFlorida.com

Public-Private Partnership Model

Enterprise Florida is governed by a Board of Directors, with the Governor as the Chair

- The EFI Board has members representing both the public and private sectors. The Board consists of appointed and ex-officio members, as well as private-sector investors who provide annual dues to EFI

EFI's public-private structure offers unique flexibility to conduct economic development activities and move at the speed of business for clients looking to locate, relocate to, or expand in Florida

Private-Sector Investors



Becker



Public-Sector Members:

Governor of Florida
Attorney General
Chief Financial Officer
Commissioner of
Agriculture
Commissioner of Education
Secretary of State
Chairperson of the board of
directors of CareerSource
Florida, Inc.

Ex-Officio Members:

Member of the Senate
Member of the House
Florida Tax Watch
Florida Board of Governors
Foundation, Inc.
Florida Chamber of
Commerce
Florida Council of 100
Vice Chair of Stakeholders
Council

EFI's Role in Economic Development

In support of EFI's mission to expand and diversify Florida's economy through job creation, EFI:

**Advocates for
the protection
of Florida's
military bases**

**Facilitates and
promotes
international trade
and exporting**

**Markets Florida
as the premier
business state
in the nation**

**Assists with the
location, retention and
expansion of
established businesses
in Florida**

**Recruits
companies from
all over the
world to locate
in Florida**

**Promotes
professional and
amateur sporting
events throughout
the state**

Military & Defense Programs - Tallahassee



Enterprise Florida supports and coordinates military and defense activities through the Florida Defense Alliance and the Florida Defense Support Task Force



Together, the Florida Defense Alliance and the Florida Defense Support Task Force work to ensure that military leaders have the resources to maximize their missions in Florida

International Trade & Development – Miami

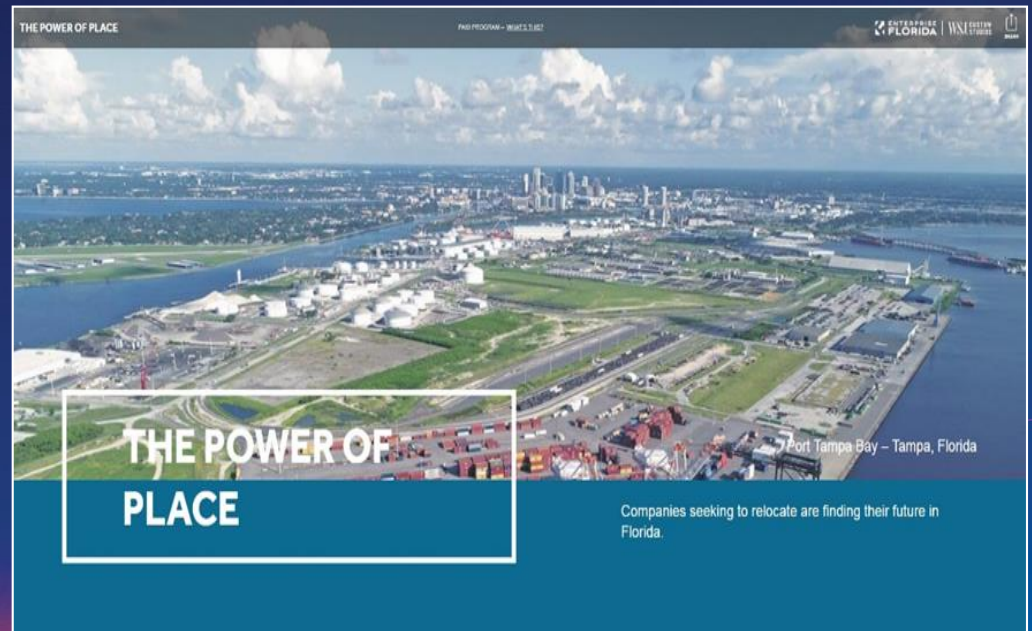
EFI is the state's primary entity for trade and export promotional development

Its programs support thousands of small and midsize Florida exporting businesses and manufacturers annually, helping them locate and explore trade in foreign markets

- Last year, EFI's international programs helped more than 2,300 small and medium-sized Florida businesses engage internationally
- Florida exports to more than 190 countries, making the state a world leader in international trade

Marketing - Orlando

EFI markets Florida, through targeted advertising and promotional campaigns, as the best business location state in the nation



Business Development - Orlando

EFI assists companies looking to locate, relocate to, and expand by:

- Providing site selection services
- Gathering demographic information
- Proactively sourcing prospects (lead generations) both domestically and abroad
- Developing workforce training programs via partnerships with CareerSource and educational institutions
- Acting as a conduit between Florida state government, local government and private industries

EFI's job creation efforts focus on statutorily defined target industry sectors (Section 288.108, Florida Statutes), including:

- Life sciences, information technology, aviation & aerospace, defense & homeland security, financial & professional services, manufacturing, clean energy and beyond

Florida Sports Foundation - Tallahassee

Assist Florida's communities with securing, hosting and retaining sporting events and sports related business to generate economic impact and tourism

Provide participation opportunities and financial support in Florida's Sunshine State Games and Florida Senior Games

Serve as Florida's leading resource for sport tourism facts and promotion

Assist in the promotion of targeted leisure sports industries in Florida

Assist national and Florida state governing bodies promoting amateur sport development and hosting events in Florida

Closing Remarks & Questions

Jamal Sowell

President & CEO, Enterprise Florida, Inc.

Florida Secretary of Commerce

(850)298-6620

jsowell@enterpriseflorida.com



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

404 S. Monroe Street
Tallahassee, FL
32399-1100

SENATOR VICTOR M. TORRES, JR.
15th District

February 18, 2019

Joe Gruters, Chair
Commerce and Tourism

RE: Request for excusal from February 19, 2019 committee meeting

COMMITTEES:

Commerce and Tourism, *Vice Chair*
Appropriations Subcommittee on
Transportation,
Tourism, and Economic Development
Children, Families, and Elder Affairs
Governmental Oversight and Accountability
Military and Veterans Affairs and Space

JOINT COMMITTEE:

Joint Select Committee on Collective
Bargaining

Dear Chair Gruters:

Due to a family medical issue, I am unable to attend tomorrow's meeting of the Committee on Commerce and Tourism. Please accept this letter as a formal request for excusal of this absence. Please let me know if you have any questions or need any additional information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Victor M. Torres, Jr.", with a stylized flourish at the end.

Victor M. Torres, Jr.
Florida State Senator
District 15

c: Todd McKay, Staff Director, Committee on Commerce and Tourism
Lisa Vickers, Chief of Staff, President Galvano

REPLY TO:

- 101 Church Street, Suite 305, Kissimmee, Florida 34741 (407) 846-5187 FAX: (850) 410-4817
- 226 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5015

Senate's Website: www.flsenate.gov

BILL GALVANO
President of the Senate

DAVID SIMMONS
President Pro Tempore

CourtSmart Tag Report

Room: EL 110
Caption: Senate Commerce Committee

Case No.:
Judge:

Type:

Started: 2/19/2019 10:00:39 AM

Ends: 2/19/2019 10:57:35 AM

Length: 00:56:57

10:00:40 AM Chair starts meeting
10:00:50 AM AA calls roll
10:00:58 AM Senator Torres excused from today's meeting
10:01:16 AM SB 596, Sen. Albritton
10:04:03 AM Phillip Suderman, Policy Dir. Americans for Prosperity
10:05:47 AM Chris Doolin, Small County Coalition
10:06:24 AM Roll Call on SB 596
10:06:39 AM Favorably
10:07:01 AM SB 198, Sen. Berman
10:07:48 AM Roll call on bill
10:07:59 AM Favorably
10:08:10 AM Sen. Hutson in Chair
10:08:20 AM Sen. Gruters present bill, SB 526
10:09:54 AM Late-filed amendment, 499810
10:10:53 AM Amendment adopted
10:11:19 AM John Lux, Ex. Dir of Film Florida
10:12:24 AM Phillip Suderman, Policy Dir., Americans for Prosperity, against bill
10:14:25 AM CS 526 Roll call
10:14:34 AM Favorably
10:14:48 AM Presentation by Ken Lawson, Ex. Dir of the Dept. of Economic Opportunity
10:21:36 AM Presentation by Jamal Sowell, Pres and CEO of Enterprise Florida, Inc.
10:33:43 AM Questions Sen. Hutson
10:34:02 AM Response
10:35:47 AM Sen. Brandes, SB 220
10:36:14 AM Late-filed amendment introduced, 623428
10:36:36 AM Sen. Brandes on amendment
10:37:25 AM Amendment adopted
10:37:45 AM Ric deMatualloh, in support
10:38:48 AM Scott Dick, ABC Liquors in opposition
10:42:26 AM Question Sen. Hutson
10:42:52 AM Response of Mr. Dick
10:43:25 AM Follow up question and response
10:44:06 AM Scott Neil, American Freedom Distillery
10:46:51 AM Scott Ashley, Wine and Spirits Distributors of FL
10:50:52 AM Question, Sen. Hutson
10:51:19 AM Sen. Brandes respond
10:51:51 AM Sen. Stewart, question
10:52:16 AM Response Sen. Brandes
10:53:26 AM Follow up, Sen. Stewart
10:53:37 AM Follow up, Sen. Stewart
10:54:02 AM Response
10:54:24 AM Follow up
10:54:35 AM Response
10:55:16 AM Sen. Hutson
10:56:05 AM Sen. Stewart
10:56:24 AM Sen. Brandes close on bill
10:56:50 AM Roll call on SB 220
10:56:59 AM Favorably
10:57:19 AM Sen. Hutson move adjournment